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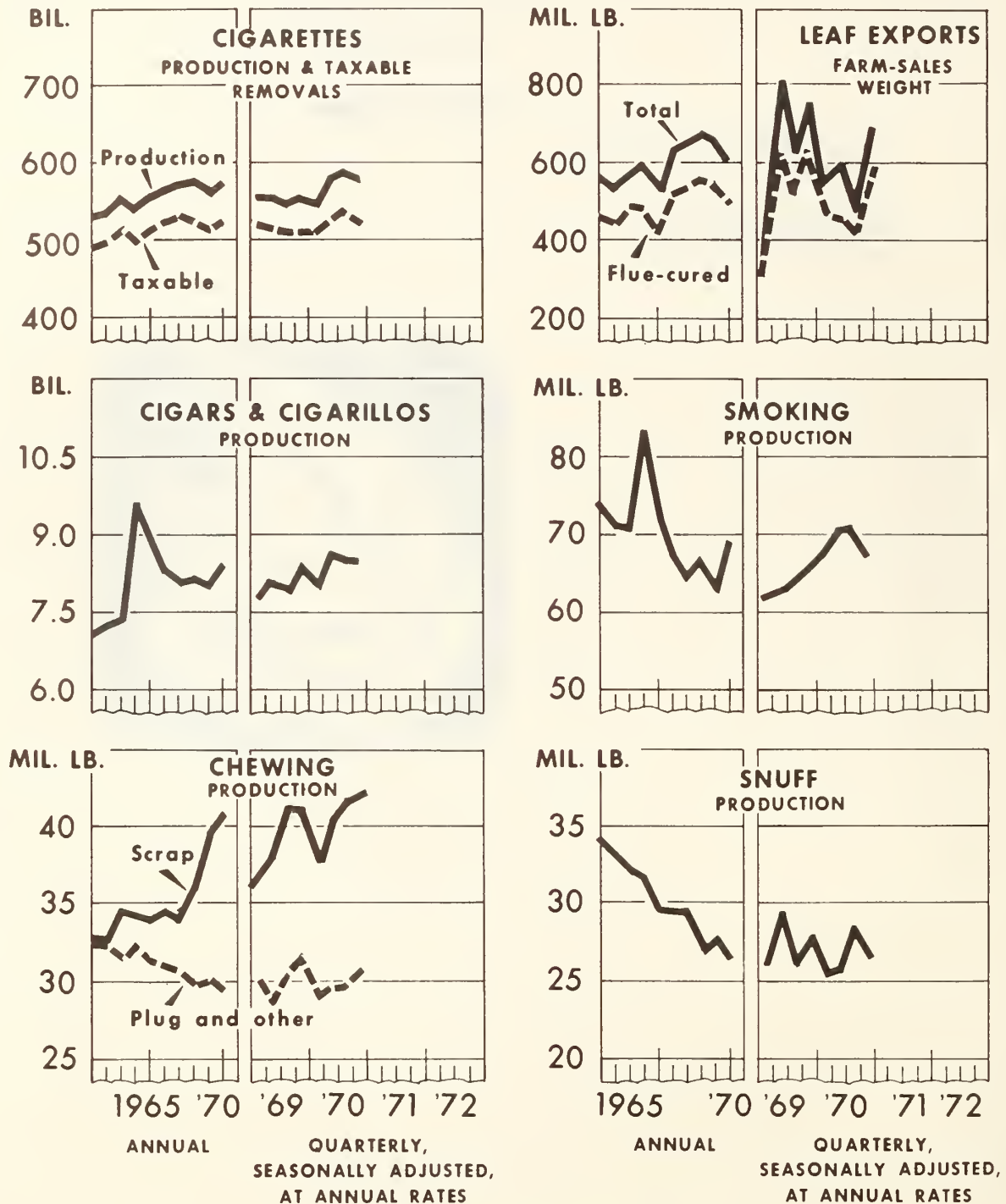
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TOBACCO Situation



TOBACCO OUTLETS

Recent Trends in Manufactured Products and Exports



THE TOBACCO SITUATION

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The *Tobacco Situation* is published in March, June, September and December.

SUMMARY

With a larger tobacco crop this year, U.S. tobacco supplies remain sizable, only 1 percent below last marketing year because of smaller carryover. Tobacco use this season probably will about equal the 1970 crop of 1.9 billion pounds and run some 3 percent below the 1.96 billion of last season. Thus, carryover at the close of the 1970/71 marketing year could stay around the 3.7 billion pounds at the start.

U.S. production, including Puerto Rico's, is turning out 6 percent above last year and also above previous forecasts this season. Favorable weather boosted the average yield. After early-season strength, flue-cured prices slumped. Burley auction markets opened in late November and prices exceeded year-earlier levels. Price gains for burley and other tobaccos may continue in the first half of 1971.

Domestic use of tobacco this marketing year likely will total under last year's level. Even if output of cigarettes and other products changes little, manufacturers will likely continue the downtrend in tobacco volume per cigarette. Increased competition from cheaper tobacco supplies from other countries is reducing U.S. tobacco exports 5-10 percent from last season's total.

With new brands and a final push in radio and TV ads before the 1971 advertising ban, cigarette manufacturers substantially boosted sales in the second half of 1970. U.S. cigarette output for calendar 1970 probably will total 3 percent above 1969's output. Cigarette use may change little in the year ahead, even if smoking-health publicity diminishes. State tax increases and shifting advertising strategies will hold down use.

U.S. exports of unmanufactured tobacco have slackened almost continuously during 1970. The total for the year is an estimated 10 percent below 1969's 577 million pounds (657 million pounds, farm-sales weight). An export level of 500-525 million pounds can probably be maintained in 1971. This is slightly above the 1961-65 average just prior to the U.N. embargo on Rhodesian trade.

Exports by several developing countries that have expanded output since the Rhodesian embargo will probably persist as they improve their leaf quality. In the United Kingdom (the major U.S. tobacco outlet) cigarette manufacturers are depleting their stocks of U.S. leaf. The U.S. market share slipped in 1970 and may edge downward again in 1971. West German's actual usings of U.S. leaf may have held up, but other exporting countries are accounting for all of West Germany's increase in leaf use.

The 1970/71 flue-cured tobacco supply at 3.15 billion pounds remains about the same as last year. A drop in carryover was offset by a 13 percent larger crop. After the 1969 high-quality crop brought record prices, growers' prices dropped a little in 1970. Carryover in mid-1971 will probably gain around 2 to 3 percent from the 1.97 billion pounds a year earlier.

The 1971 national marketing quota for flue-cured stays the same as 1970. But under the acreage-poundage program the 1971 effective quota is about 1.08 billion pounds. This is 10 percent below 1970 due to the required adjustment for 1970's net undermarketings.

The burley tobacco supply for 1970/71 is 1.9 billion pounds, the same as last year. Carryover on October 1,

1970, was up 2 percent. The 1970 burley crop, estimated at 560 million pounds, is down 5 percent. In the pre-Christmas sales period, about 85 percent of the crop had been sold, for 72 cents per pound, 2 cents above last year.

Current supplies of fire-cured, Maryland, dark air-cured, and cigar types are smaller than last season. Marketing quotas and acreage allotments for these kinds of tobacco will be announced by February 1. Afterwards, growers of Virginia sun-cured, Maryland, and Pennsylvania filler types will vote in referendums concerning quotas on their next 3 crops. Legislation is pending to postpone the burley announcement and referendum while new legislation is considered.

TOBACCO PRODUCTS

More Cigarettes Produced

With gains in domestic and export sales, the 1970 cigarette output is about 3 percent above 1969 but short of the 1968 record high. Domestic consumption (taxable removals) takes about 91 percent of cigarette output, and tax-exempt removals for exports and offshore shipments take the remainder. Domestic consumption may total 2½ percent above the 1969 level while exports and shipments are rebounding 8 percent (table 1). Looking ahead, domestic consumption in 1971 may be around the 1970 level or possibly a little lower.

Domestic cigarette consumption was 448 billion during January-October 1970, 3 percent above a year earlier. Consumption in July-October gained 7 percent, a striking recovery from last year's slumping sales. Manufacturers have introduced several new brands. Seasonal sales patterns suggest some of these consumption gains continued in the fourth quarter.

During January-October, exports as well as shipments to Puerto Rico and U.S. possessions increased. Other countries have continued a longtime rate of growth in cigarette consumption.

Slower Rise in Cigarette Prices

With higher State and local cigarette tax rates and general inflationary pressures, retail cigarette prices have been averaging 7½ percent above those of a year ago. The consumer price index is up 6 percent. The rise in retail cigarette prices slowed markedly in October, but prices probably gained a little more by year-end.

By October, prices for filter-tip king-size cigarettes were 3 percent above May, when manufacturers raised wholesale prices. Some 9 States increased cigarette tax rates in 1970. This compares with gains for 20 States and the District of Columbia in 1969 and 8 States in 1968. By October the weighted average State cigarette tax was 10.7 cents per pack, up from 10.1 cents a year earlier.

TV and Radio Ad Ban Clarified

On December 15, the Federal Communications Commission decided that broadcasters can carry anti-smoking messages according to the general interest of the broadcast audience and the overall public service obligations of broadcasters. No time formula or other requirement was given. In view of the ban on radio and television cigarette commercials after January 1, 1971, the FCC decided that broadcasters are not required to provide time for presenting the pro-smoking viewpoint.

Cigarette manufacturers advised the Federal Trade Commission in October how they intend to disclose "tar" and nicotine content in cigarette advertising under a voluntary program. The FTC had previously proposed a trade regulation rule that required disclosure so FTC will decide whether or not the voluntary agreement complies with the FTC Act.

Cigar Volume Steadies

Cigar consumption in the third quarter was about the same as a year earlier, after gains in the first and second quarters. The 1970 total may slightly exceed a year earlier (table 2). U.S. smokers (including those overseas) smoked 6 billion cigars and cigarillos in January-September 1970, 2 percent above a year earlier.

Cigars: Taxable removals by revenue class, January-September 1970

Revenue class and retail price	Number	Change from 1969
	<i>Billion</i>	<i>Percent</i>
A-D (up to 8¢)	3.89	+6.0
E (over 8 to 15¢)	1.61	-7.3
F-G (over 15¢) .....	.39	+1.5
Total removals	5.89	+1.7

Table 1.--Cigarettes: Output, removals, and consumption, 1962-70

Year	Output	Removals						Total
		Taxable	Tax-exempt				U.S.	
			Total	Exports	Puerto Rico and U.S. possessions	Overseas forces 1/	consump- tion 2/	
<u>Billions</u>								
1962	535.5	494.5	41.1	24.1	3.1	13.9	508.4	
1963	550.6	509.6	41.1	23.6	3.2	14.3	523.9	
1964	539.9	497.4	42.6	25.1	3.7	13.8	511.2	
1965	556.8	511.5	44.2	23.1	3.9	17.2	528.7	
1966	567.3	522.5	46.1	23.5	3.9	18.7	541.2	
1967	576.2	527.8	49.0	23.7	3.9	21.4	549.2	
1968	579.5	523.0	53.8	26.5	4.7	22.7	545.7	
1969 3/	557.6	510.5	47.1	25.0	3.7	18.4	528.9	
1970 4/	575.0	524.0	51.0	29.0	4.0	18.0	542.0	

1/ Also includes ship stores and small tax-exempt categories. 2/ Taxable removals plus overseas forces. 3/ Subject to revision. 4/ Estimated.

Compiled from reports of Internal Revenue Service and Bureau of the Census.

Table 2.--Cigars and smoking tobacco: Output, removals, and consumption, 1964-70

Year and item	United States factories			From			Total U.S.
	Output	Removals		Puerto	Imports	Exports	consumption
		Taxable	Tax- exempt	Rico			
				taxable			<u>1/</u>
<hr/>							
				<u>Millions</u>			
Large cigars <u>2/</u>							
1964	8,736	8,106	193	809	28	44	9,092
1965	7,899	7,577	180	911	25	55	8,638
1966	7,165	7,076	193	1,075	25	73	8,296
1967	6,857	6,845	197	1,099	30	76	8,095
1968	7,183	6,759	169	1,036	48	66	7,945
1969 <u>3/</u>	6,931	6,739	169	1,080	45	65	7,968
1970 <u>4/</u>	7,000	6,740	170	1,250	45	55	8,150
<hr/>							
				<u>Million pounds</u>			
Smoking tobacco							
1964	82.4	79.0	3.4	---	2.7	1.4	83.7
1965	71.8	67.3	3.0	---	2.1	1.0	71.4
1966	67.3	65.3	1.5	---	3.3	.9	69.2
1967	64.8	62.7	2.0	---	3.7	1.3	67.1
1968	66.3	64.1	1.9	---	5.5	1.8	69.7
1969 <u>3/</u>	63.9	62.6	1.6	---	5.7	1.1	68.8
1970 <u>4/</u>	69.0	66.0	1.6	---	8.0	1.2	74.4

1/ Total removals (or sales) from U.S. factories plus those from Puerto Rico, and imports, minus exports. 2/ Includes cigarillos. 3/ Subject to revision. 4/ Estimated.

Compiled from reports of the Internal Revenue Service, Bureau of the Census, and Consumer and Marketing Service, USDA.

U.S. bulk smoking tobacco exports to leading destinations,
1969, January-October 1969-70

Country	1969	January-October	
		1969	1970
Million pounds			
Italy	4.4	3.6	3.1
Dominican Republic	2.2	1.7	1.8
Switzerland	1.6	1.5	1.4
Netherlands	1.6	.6	2.7
Spain	1.6	1.6	1.3
Peru	1.2	1.0	.2
Ecuador . . . . .	.9	.5	.5
Bolivia . . . . .	.9	.6	.7
Australia . . . . .	.8	.7	1.8
Other countries	5.0	4.0	4.2
Total	20.2	15.8	17.7

U.S. output was up 4 percent, however, from the 1968 period and shipments from Puerto Rico were up substantially. The increased sales are mostly in lower-priced cigars retailing for 8 cents or less. Total cigar and cigarillo consumption in 1971 may gain further.

The 1970 taxable removals of small cigars (about cigarette-size and weighing not over 3 pounds per 1,000)

U.S. cigarette exports to leading
destinations, 1969-70

Country	1969	January-October	
		1969	1970 ¹
Millions			
Hong Kong	2,685	2,161	2,512
Spain	1,188	996	1,370
Kuwait	1,193	1,062	1,038
Netherlands Antilles	1,356	1,148	1,248
Paraguay	742	667	558
France	325	285	264
West Germany	453	393	598
Italy	639	565	690
Ecuador	373	255	213
Panama	1,275	960	1,160
Canary Islands	589	481	721
Lebanon	570	425	425
Other countries	13,582	11,239	13,963
Total	24,970	20,637	24,760

¹ Subject to revision.

Compiled from publications and records of the Bureau of the Census.

may total about one-seventh above the 731 million cigars in 1969. Even with this jump, 1970 consumption is below the unusually high 1964 figure.

Third Quarter Sales Ahead for Other Products

Gains in sales of imported and domestic cigarette cut tobacco are raising 1970 *smoking tobacco* consumption 8 percent above 1969 to the highest level since 1964. The high level of output and sales is expected to hold in 1971.

Domestic use of smoking tobacco—including imports—through September totaled 54.7 million pounds, 8 percent above a year earlier. In the face of increasing prices for factory-made cigarettes, smokers are taking renewed interest in roll-your-own cigarettes. Pipe tobacco sales are about steady; although wholesale prices are up sharply this year.

Scrap chewing tobacco output and sales continued to gain in the third quarter, but plug and fine-cut were below last year for the quarter. The 1970 chewing tobacco production may top 1969's 11-year high by 1 percent. The gain for scrap chewing tobacco is 3 percent; plug tobacco is down 3 percent. *Snuff* sales rose 4 percent in the third quarter but production for 1970 is estimated 4 percent below 1969.

Tobacco products: Output, 1968-70

Item	1968	1969	1970 ¹
<i>Million pounds</i>			
Chewing tobacco			
Plug	22.9	23.3	22.5
Twist	2.6	2.5	2.4
Fine-cut	4.3	4.5	4.8
Scrap	35.7	39.5	40.6
Total	65.4	69.8	70.3
Snuff	27.1	27.6	26.5
Smoking tobacco in bulk (exports)	21.6	20.2	22.5
<i>Million</i>			
Small cigars	523.3	720.0	850.0

¹ Estimated.

Basic data compiled from reports of the Internal Revenue Service and Consumer Marketing Service, USDA.

U.S. EXPORTS AND IMPORTS

Leaf Tobacco Exports Slump

Exports of unmanufactured tobacco fell further behind 1969 during July-October so the 1970 total may fall about 10 percent. Export demand has been lagging in the United Kingdom and the European Community although manufacturers, dealers, and exporters bought

more flue-cured tobacco in 1970 from U.S. auction floors than in the previous season. Even with continued U.N. sanctions against Rhodesian tobacco, U.S. exports in 1971 will have difficulty recovering.

U.S. leaf tobacco exports in January-October 1970 were 12 percent below the same period a year earlier and 21 percent below 2 years ago. Flue-cured-the principal

export class—accounted for most of the decline. Fire-cured, Maryland, and Black Fat were higher. Burley exports were lower. Overseas burley production surged ahead in 1970. Also, exports of cigar types are trending lower.

In the EC, the common agricultural policy developed this year for tobacco discourages tobacco imports from countries outside the duty preference area. U.K. importers have made substantial shifts among suppliers this year, possible due to uncertainties about the U.K. membership in the EC. U.K. importers reduced their takings of U.S. and Commonwealth tobacco and substantially increased the volume from several low-cost, non-traditional tobacco producers. Outside the United Kingdom and the EC, U.S. exports are up 5 percent on the average (tables 3 and 4).

Cigarette Tobacco Imports Pick Up

After a small gain in the first half of 1970, U.S. tobacco imports for consumption (factory use of imports) moved ahead further in the second half. Most of the gain occurred in cigar tobacco imports and scrap used in cigarettes. The cigarette scrap was valued at 13

cents per pound compared with 67 cents for oriental type cigarette leaf. Oriental leaf continued off slightly, with declines in takings from Turkey and Yugoslavia (table 5).

Factory use of imports may rise again in 1971 as manufacturers step up use of foreign cigar tobacco and lower nicotine cigarette scrap. With this trend oriental leaf use probably will continue to slacken.

January-October 1970 general imports of tobacco (total arrivals: direct entries, plus that placed in bonded warehouses to be later withdrawn for factory use) were below the year-earlier level. Cigarette leaf tobacco (oriental) and cigar tobacco declined. Flue-cured and burley leaf gained further this year.

Of the 15 million pounds of flue-cured and burley that arrived (general imports) during January-October 1970, 6 million came from South Korea. Some of these imports may have been dealer stocks landed for redrying and later reexport.

As a result of declining imports and greater utilization, stocks of foreign-grown cigarette and smoking tobacco in the United States on October 1, 1970, were 4 percent below the record high for that date a year earlier.

TOBACCO LEAF SITUATION AND OUTLOOK¹

1970 Crop Highlights

This season's U.S. tobacco crop is about 6 percent larger than last year. It is 9 percent above the season's first forecast, since flue-cured prospects improved as the season progressed. Also, in other sections weather was favorable but burley and dark air-cured output was down due to allotment cuts. The all tobacco yield was a record high this season, 8 percent above last season and

7 percent above the 1964-68 average. Acres harvested were down 2 percent below last year.

Smaller carryovers have reduced supplies available for the 1970/71 marketing year. Despite the larger flue-cured loan take, the stronger burley market is bringing less total tobacco under loan this season. Prices for the season will likely gain 1 percent above 1969/70's record-high average.

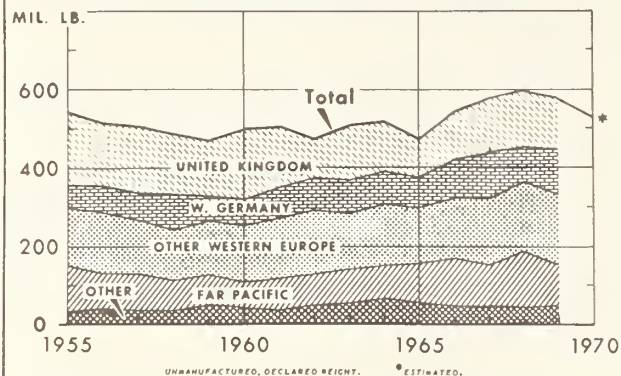
Farmers' cash receipts from tobacco in calendar 1970 are up about 8 percent from the \$1.30 billion in 1969—primarily due to the larger volume of flue-cured selling at near-record prices. A substantially smaller

¹All quantities in this section are stated in farm-sales weight equivalent unless otherwise noted.

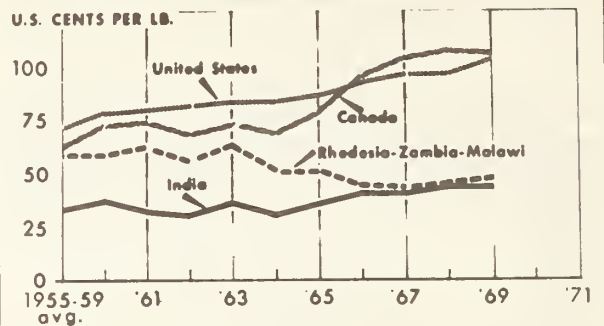
U.S. tobacco: Acreage and yield, 1968-70

Type	Acreage				Yield per acre			
	1968	1969	1970	Change from 1969	1968	1969	1970	Change from 1969
	1,000 acres			Percent	Pounds			Percent
Flue-cured								
11—Old and Middle Belt, VA.—N.C.	186.8	204.0	199.0	-2.5	1,653	1,771	1,855	4.7
12—Eastern N.C.	171.0	185.0	188.0	1.6		1,895	2,225	17.4
13—S.C.—Border N.C.	107.1	116.0	117.0	.9	1,972	1,932	2,105	9.0
14—Georgia—Florida	68.1	71.8	78.8	9.7	1,868	1,628	1,999	22.8
Total, types 11-14	533.0	576.8	582.8	1.0	1,841	1,825	2,044	12.0
Burley, type 31	237.6	237.7	216.7	-8.8	2,372	2,488	2,585	3.9
Total, all types 11-72	880.3	919.9	898.8	-2.3	1,943	1,961	2,120	8.1

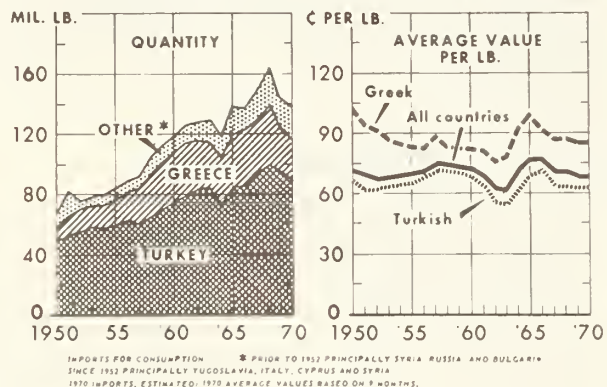
EXPORT MARKETS FOR U. S. TOBACCO



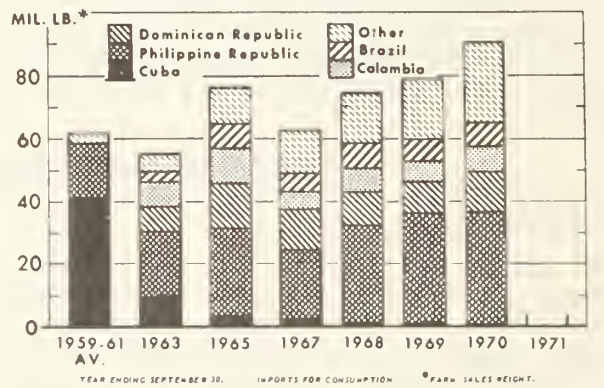
FLUE-CURED TOBACCO: AVERAGE EXPORT PRICES, BY MAJOR PRODUCERS



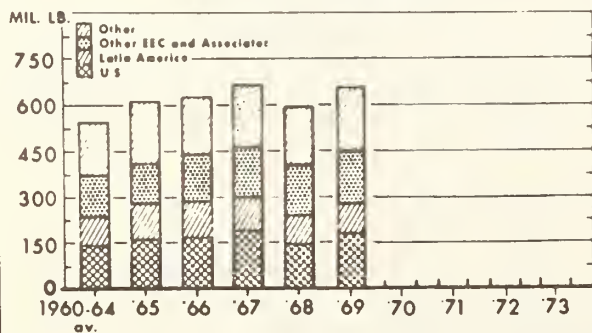
U. S. IMPORTS OF CIGARETTE TOBACCO



U. S. IMPORTS OF CIGAR TOBACCO



EEC TOBACCO IMPORTS, BY MAJOR SUPPLIERS



WORLD CIGARETTE OUTPUT

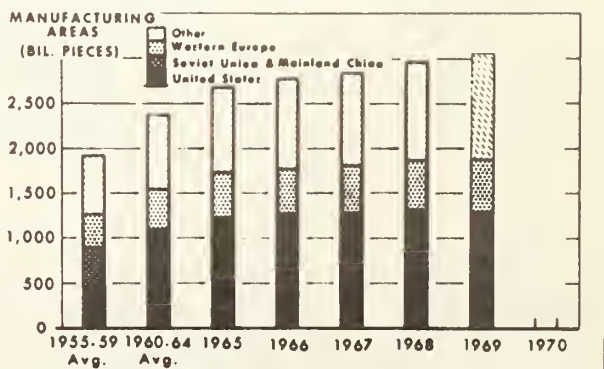


Table 3.--United States exports of unmanufactured tobacco by types and to principal importing countries for specified periods

(Declared weight)							
Country and type	January-October						1970 as a percentage of 1969
	Average	1967	1968	1969	1969	1970	
	1962-66			1/	1/	1/	
	Million pounds				Percent		
Flue-cured	389.6	427.4	443.5	429.6	314.7	266.1	85
Burley	45.7	45.3	42.8	52.0	39.2	34.4	88
Maryland	10.9	15.1	13.8	10.4	8.9	10.2	115
Fire- and sun-cured	23.5	26.3	25.5	25.5	19.1	19.8	104
Green River	.7	.9	.5	.4	.4	.3	75
One Sucker	.6	1.0	1.0	.4	.3	.4	133
Black Fat, etc.	3.8	4.1	2.5	1.1	.8	2.3	288
Cigar wrapper	4.6	3.7	4.6	2.2	2.0	1.3	65
Cigar binder	1.5	1.8	2.2	.9	.6	.2	33
Cigar filler	.7	.9	.6	.6	.5	.4	80
Perique	.3	.2	.2	.1	.1	.1	100
Stems, trimmings, and scrap	19.7	44.9	61.5	54.1	38.9	39.4	101
Total	501.6	571.6	598.8	577.5	425.5	375.0	88
Country of destination							
United Kingdom	116.8	137.6	146.7	134.2	94.9	64.3	68
France	6.4	6.3	6.9	8.6	6.1	7.2	118
Belgium	17.5	17.5	20.1	17.4	14.8	9.5	64
Netherlands	31.4	40.5	44.0	33.6	27.0	23.9	89
West Germany	86.2	114.3	88.6	102.2	94.3	77.5	82
Portugal	5.8	5.5	4.6	6.3	5.5	4.5	82
Denmark	14.6	16.4	19.2	19.1	15.6	16.0	103
Ireland	14.3	14.3	15.0	10.5	9.2	8.9	97
Switzerland	13.8	21.4	24.8	26.4	19.6	21.2	108
Finland	6.8	5.9	5.5	5.9	4.6	4.5	98
Norway	7.7	8.4	9.7	7.2	5.4	6.6	122
Sweden	15.1	19.3	16.9	13.9	9.8	15.7	160
Italy	10.3	7.1	5.0	19.5	8.1	3.1	38
Spain	2.7	3.8	5.5	4.1	3.9	3.0	77
Thailand	11.5	23.2	28.9	24.3	18.9	13.0	69
S. Vietnam	8.4	12.9	10.4	10.8	9.5	8.9	94
Malaysia 2/	6.1	9.6	10.9	10.9	8.1	9.6	119
Hong Kong	6.8	5.9	5.6	4.2	3.3	3.0	91
Japan	33.3	27.0	48.8	40.9	8.2	11.9	145
Australia	18.1	13.3	19.7	20.2	13.4	8.0	60
New Zealand	3.9	3.8	5.9	2.5	2.1	4.0	190
Egypt	14.7	1.4	.6	2.6	1.9	.6	32
Other countries	49.4	56.2	55.3	52.2	41.4	50.0	121
Total	501.6	571.6	598.8	577.5	425.5	375.0	88

1/ Preliminary.

2/ Malaysia and Singapore.

Detail may not add to total due to rounding.

Compiled from publications and records of the Bureau of the Census.

Table 4.--United States exports of unmanufactured tobacco by types, to principal importing countries, crop years, 1967/68-1969/70 1/

(Declared weight)									
Importing countries	1967- 1968	1968- 1969	1969- 1970 <u>2/</u>	Importing countries	1967- 1968	1968- 1969	1969- 1970 <u>2/</u>		
	Million pounds				Thousand pounds				
	Flue-cured, types 11-14 <u>3/</u>				One Sucker, type 35				
United Kingdom	120.9	96.6	111.3	Belgium	556	5	226		
West Germany	67.5	90.0	67.8	South Vietnam	0	526	0		
Japan	35.0	31.1	39.1	Tunisia	0	0	55		
Netherlands	27.1	24.0	17.9	Other countries	205	258	300		
Thailand	17.7	20.7	18.0	Total	761	789	581		
Australia	10.1	14.8	16.5						
Other countries	149.1	140.5	143.5						
Total	427.4	417.7	414.1						
	Burley, type 31			United Kingdom	165	161	95		
				Australia	151	146	23		
Sweden	4.0	2.4	2.0	Congo (Kinshasa)	79	127	196		
Denmark	3.6	2.3	3.8	Other countries	88	49	14		
Netherlands	2.1	2.6	.8	Total	483	483	328		
Belgium	2.2	2.0	.9						
West Germany	10.1	13.0	10.2						
Switzerland	2.5	4.1	5.3						
Portugal	3.3	2.1	2.0	Canada	282	384	103		
Thailand	4.2	3.1	3.7	France	272	262	370		
Philippine Republic	1.7	3.3	3.9	South Vietnam	0	115	0		
Other countries	9.4	11.0	15.0	Other countries	22	2	94		
Total	43.2	45.7	47.7	Total	576	763	567		
	Maryland, type 32								
Belgium	1.4	.9	1.4	West Germany	466	182	129		
West Germany	2.3	2.8	2.0	Spain	1,225	0	0		
Switzerland	9.3	4.5	7.2	Canary Islands	142	64	59		
Portugal	1.1	1.2	.5	Other countries	105	74	64		
Other countries	1.0	.6	.7	Total	1,938	320	252		
Total	15.1	9.9	11.7						
	Va. fire and sun-cured, 21,37								
				Netherlands	257	74	38		
Sweden	.4	.3	.4	West Germany	55	0	0		
Norway	2.9	1.4	2.1	Spain	0	189	191		
United Kingdom	.6	.5	.5	Canary Islands	0	50	0		
West Germany	.9	.6	.9	Other countries	32	39	1		
Other countries	.9	1.2	.5	Total	344	352	230		
Total	5.7	4.0	4.3						
	Ky.-Tenn. fire-cured, 22-23								
				Canada	606	456	368		
Sweden	1.3	.8	.2	United Kingdom	879	424	44		
Netherlands	12.4	7.3	10.6	West Germany	1,702	918	478		
Belgium	1.4	1.5	1.2	South Vietnam	154	429	216		
France	1.5	3.3	2.4	Canary Islands	523	475	161		
Switzerland	1.9	1.2	1.3	Other countries	542	752	408		
Other countries	4.9	3.3	5.4	Total	4,406	3,454	1,675		
Total	23.3	17.4	21.2						
	Stems, Trimmings, and Scrap								
				Cameroon	444	239	498		
Sweden	4.0	1.8	8.1	Ghana	83	0	0		
Denmark	3.5	2.2	3.5	Togo	500	43	521		
United Kingdom	31.8	25.0	12.4	Nigeria	528	178	210		
West Germany	3.6	3.6	5.4	Western Africa, n.e.c.	796	447	1,020		
Other countries	13.5	21.2	26.5	Other countries	697	257	283		
Total	56.4	53.8	55.8	Total	3,048	1,164	2,532		

1/ July-June crop year for flue-cured and cigar wrapper, and October-September crop year for all other types. 2/ Subject to revision. 3/ For further country detail see TS-133, September 1970, p. 26. Detail may not add to total due to rounding.

Compiled from publications and records of the Bureau of the Census.

Table 5.--U.S. imports of unmanufactured tobacco for consumption and general, principal categories, and countries of origin, 1969 and January-October 1969-70 ^{1/}

Classification and country of origin	(Declared weight)							
	Imports for consumption				General imports (arrivals)			
	January-October				January-October			
	Total	1970 as a			Total	1970 as a		
	1969	1969	1970	percentage of 1969	1969	1969	1970	percentage of 1969
	-- Million pounds --			Percent	-- Million pounds --			Percent
Cigarette tobacco:								
Leaf, unstemmed								
Oriental								
Turkey	94.2	80.5	76.8	95	76.1	73.6	63.0	86
Greece	29.2	24.9	24.6	99	28.5	25.9	15.7	61
Yugoslavia	14.6	12.6	13.6	108	17.2	17.2	18.8	109
Other countries	5.2	4.4	5.4	123	9.9	7.6	10.9	143
Flue-cured and burley	4.5	4.4	7.7	175	14.4	13.4	15.4	115
Sub total	147.8	126.8	128.0	101	146.1	137.6	123.8	90
Scrap:								
Turkey	8.2	6.7	9.5	142	11.8	5.5	6.9	125
Other countries ^{2/}	3.1	2.8	3.2	114	3.4	2.8	1.8	64
Total	159.1	136.3	140.7	103	161.3	145.9	132.5	91
Cigar tobacco:								
Wrapper	.8	.7	.7	100	1.2	1.1	1.5	136
Filler--stemmed and unstemmed								
Dominican Republic	.8	.7	1.1	157	7.6	5.4	6.0	111
Other countries	4.0	3.5	4.0	114	33.5	29.7	27.4	92
Sub total	4.8	4.2	5.1	121	41.1	35.1	33.5	95
Scrap:								
Philippine Republic	22.8	19.1	19.2	101	20.9	17.4	15.9	91
Colombia	4.7	3.8	3.9	103	.5	.5	0	---
Dominican Republic	5.6	4.6	5.6	122	.7	.6	1.2	200
Brazil	3.7	3.0	3.2	107	.2	.2	.4	200
Other countries	7.1	5.5	8.5	155	3.5	2.3	3.6	157
Sub total	43.9	35.9	40.4	113	25.8	20.9	21.1	101
Total	49.5	40.8	46.2	113	68.1	57.1	56.0	98
Stems	1.1	1.0	.3	30	1.1	1.0	.3	30
Grand total	209.7	178.1	187.2	105	230.6	204.1	188.8	92

^{1/} Preliminary. ^{2/} Canada, Greece, Cyprus, Lebanon, India, Korea. ^{3/} Less than 50,000 pounds. Detail may not add to total due to rounding.

Compiled from publications and records of the Bureau of the Census.

volume of tobacco sales is likely in 1971. Due to the higher support level required by law, the average price may be a little higher.

QUOTAS, ALLOTMENTS, AND PRICE SUPPORT

1971 Marketing Quotas and Allotments

By February 1, USDA will announce the 1971 marketing quotas and acreage allotments for several kinds of tobacco. Shortly after the announcement, growers of Virginia sun-cured, Maryland, and Pennsylvania filler types will vote in referendums for or against acreage allotments on their next 3 crops. If at least two-thirds of the voters approve, marketing quotas will be in effect. Government price support cannot be made available on any tobacco crop that growers have turned down marketing quotas. For fire-cured, dark air-cured, cigar filler (Ohio), and binder types, farmers approved marketing quotas applicable to the 1971 crop in previous referendums. Legislation is pending to postpone the burley announcement and referendum while new legislation is considered.

Flue-cured growers approved acreage-poundage quotas for 1971-73 crops in a July 1970 referendum. The 1971 national quota for flue-cured is the same as last year but individual farm quotas are adjusted for over or undermarketings in 1970.

1971 Price Support Levels

Price supports for eligible 1971 tobacco crops are expected to rise 4 percent above the 1970 price support level—some 25 percent above the 1959 level. As required by law, the 1971 price support adjustment will be based on the average of the parity index in 1968, 1969, and 1970 compared with 1959. USDA probably will announce average support levels by types in March. Individual grade loan rates will be announced later.

FLUE-CURED

As a result of a smaller carryover and a larger crop, the flue-cured supply for 1970/71 is about the same as last season. Both export and domestic disappearance probably will decline, falling short of the 1970 crop. So the carryover by next July could rise slightly to around 2 billion pounds. Growers marketed close to their total 1970 quota, so they will have much less unused quota to apply next season than this past season and this is expected to reduce the 1971 crop. Such a crop, added to carryover, would provide a supply next season some 4 percent below 1970/71.

Exports Lower in July-October

During July-October 1970, flue-cured exports were about one-fifth below a year earlier, and the lowest for that period since 1965. The 2 leading destinations, the United Kingdom and West Germany, both took less. Australia and Thailand also registered sizable declines. Non-traditional exporters are supplying more lower price tobacco to European markets. Also, outside the United States the 1969 crop was larger than the previous year. U.S. exporters will probably have difficulty overcoming the July-October deficit during the rest of the marketing year. So the season's total by June may run 5-10 percent below last season's 535 million pounds.

U.S. flue-cured tobacco exports
principal countries, 1968-70

Country	(export weight)		
	July-October		
	1968	1969	1970
	<i>Million pounds</i>		
United Kingdom ..	45	51	31
West Germany	37	29	27
Japan	(¹)	5	4
Netherlands	10	7	7
Ireland	4	4	3
Thailand	10	11	8
Australia	5	7	4
Belgium	4	4	3
Denmark	5	5	3
Switzerland	4	4	4
Sweden	3	6	7
South Vietnam ...	5	1	3
All others	24	23	20
Total*	156	157	124

*Based on unrounded data. ¹ Less than 50,000 pounds.

1970 Auction Prices Fall Slightly, but Crop Value Jumps

The 1970 flue-cured crop sold slightly below the record-high prices in 1969, but increased sales volume boosted crop value considerably. Both industry takings and Government loan placements rose.

The 1970 flue-cured auction season ended December 2, but 95 percent of the crop had been sold by October 28. Through September prices were averaging higher than the 1969 season, but then larger supplies pulled the average down. The season average price for gross sales (including resales) was 71.9 cents per pound—down 0.3 cent from last year's average. The average gained in 2 belts but declined in 3 (table 6).

Producers' sales (allowing for resales and duplicate sales) were the second largest since the acreage-poundage program began in 1965. Sales totaled approximately 127 million more than in 1969. The crop contained a larger proportion of variegated and nondescript grades.

Table 6.---Flue-cured tobacco: Gross sales (including resales)
and average price per pound by Belt, 1950-70

Marketing season	Old Belt type 11 (a)	Middle Belt type 11 (b)	Eastern N.C. Belt type 12	N.C. Border and S.C. Belt type 13	Ga.-Fla. Belt type 14	All Belts
<u>Million pounds</u>						
Average:						
1950-54	299	167	493	330	179	1,468
1955-59	276	149	430	300	162	1,317
1960	262	170	444	311	183	1,370
1961	272	162	414	325	192	1,364
1962	311	185	426	381	205	1,508
1963	296	178	448	344	198	1,463
1964	334	189	439	338	175	1,475
1965	242	117	314	307	172	1,152
1966	274	155	349	245	173	1,194
1967	260	152	359	322	224	1,317
1968	202	110	295	268	164	1,039
1969	235	116	321	266	157	1,096
1970 1/	230	130	367	295	201	1,223
<u>Average price per pound</u>						
<u>Cents</u>						
Average:						
1950-54	49.3	51.7	54.8	53.4	48.2	52.3
1955-59	53.3	54.2	54.6	57.5	53.1	54.7
1960	58.5	60.9	60.7	61.4	56.4	59.9
1961	62.9	64.5	64.9	65.4	58.9	63.7
1962	60.3	60.4	59.4	61.0	56.5	59.7
1963	55.2	57.0	58.2	59.9	56.9	57.7
1964	59.0	58.7	56.3	59.2	58.6	58.1
1965	64.7	63.0	63.0	65.3	66.0	64.4
1966	62.3	64.1	68.3	68.8	69.9	66.7
1967	61.9	62.7	64.7	65.0	65.6	64.1
1968	64.8	64.0	67.5	66.8	68.3	66.5
1969	71.3	71.4	72.3	72.6	73.3	72.2
1970 1/	70.0	69.9	72.7	71.8	74.3	71.9

1/ Preliminary.

Table 7.--Flue-cured tobacco: Receipts under government loan and percentage of net sales by Belt, 1950-70

Marketing season	Old Belt type 11 (a)	Middle Belt type 11 (b)	Eastern N.C. Belt type 12	N.C. Border and S.C. Belt type 13	Ga.-Fla. Belt type 14	All Belts
<u>Million pounds</u>						
Average:						
1950-54	55.8	17.2	31.2	20.6	8.5	133.3
1955-59	44.5	22.9	66.4	41.5	10.0	185.3
1960	16.2	5.3	19.0	8.9	2.3	51.8
1961	17.4	6.2	31.3	8.2	7.2	70.3
1962	93.8	35.1	65.9	37.5	4.9	237.2
1963	128.8	38.5	63.0	41.4	5.5	277.2
1964	71.3	39.0	125.6	46.7	3.0	285.6
1965	21.2	9.6	19.4	18.9	2.4	71.5
1966	49.2	15.1	7.4	2.5	.4	74.6
1967	84.5	49.7	79.8	57.2	11.0	282.1
1968	36.0	26.9	24.3	29.5	12.0	128.8
1969	24.2	14.9	37.3	13.3	8.0	97.6
1970 <u>1/</u>	29.7	19.8	43.3	28.8	22.7	144.2
<u>Percentage of net sales</u>						
<u>Percent</u>						
Average:						
1950-54	21.0	11.7	6.9	7.0	5.2	10.0
1955-59	17.8	16.0	14.9	14.1	5.7	14.5
1960	6.8	3.4	4.6	3.2	1.4	4.2
1961	7.1	4.2	8.1	2.8	4.1	5.6
1962	32.2	20.4	16.5	10.8	2.6	16.9
1963	45.8	23.3	14.9	13.2	3.0	20.3
1964	22.7	22.0	29.9	15.1	1.9	20.7
1965	9.5	8.9	6.6	6.8	1.5	6.8
1966	19.3	10.5	2.2	1.1	.3	6.8
1967	34.1	34.2	23.0	19.0	5.3	22.6
1968	18.8	25.3	8.5	11.5	7.8	12.9
1969	10.8	13.4	11.9	5.2	5.4	9.3
1970 <u>1/</u>	13.4	15.8	12.1	10.2	11.9	12.3

1/ Preliminary.

Table 8.--Flue-cured tobacco, types 11-14: Domestic supplies, disappearance, season average price, and price support operations for specified periods

(Farm-sales weight)							
Year	Production	Stocks, July 1	Supply	Disappearance <u>1/</u>			
				Total	Domestic	Exports	
<u>Million pounds</u>							
1960	1,251	2,106	3,357	1,267	792	475	
1961	1,258	2,090	3,348	1,267	782	485	
1962	1,408	2,081	3,489	1,208	777	431	
1963	1,371	2,282	3,653	1,267	769	498	
1964	1,388	2,386	3,774	1,219	775	444	
1965	1,059	2,555	3,614	1,175	752	423	
1966	1,108	2,439	3,547	1,274	687	587	
1967	<u>2/</u> 1,250	2,273	3,523	1,221	687	534	
1968	<u>2/</u> 996	2,302	3,298	1,198	673	525	
1969	1,053	2,100	3,153	1,184	649	535	
1970 <u>3/</u>	<u>2/</u> 1,178	1,969	3,147				
	Average price per pound	Price support level <u>4/</u>	Placed under Government loan		Remaining in Government loan stocks on November 30, 1970 <u>5/</u>		
			Quantity	Percentage of crop			
	<u>Cents</u>		<u>Million pounds</u>	<u>Percent</u>	<u>Million pounds</u>		
1960	60.4	55.5	51.8	4.1	0		
1961	64.3	55.5	70.3	5.6	0		
1962	60.1	56.1	237.2	16.8	0		
1963	58.0	56.6	277.2	20.2	84.2		
1964	58.5	57.2	285.6	20.7	94.9		
1965	64.6	57.7	71.5	6.8	35.9		
1966	66.9	58.8	74.6	6.8	57.1		
1967	64.2	59.9	282.1	22.6	208.9		
1968	66.6	61.6	128.8	12.9	110.7		
1969	72.4	63.8	97.6	9.3	93.1		
1970	<u>3/</u> 71.9	66.6	*144.2	*12.2	*144.2		
Total	---	---	*1,720.9	---	*829.0		

1/ Year beginning July 1. 2/ Sales. 3/ Subject to revision. 4/ For 1960 set at 1959 level; from 1961 on, adjusted to reflect relative change between 1959 parity index and average of parity index for 3 most recent calendar years. 5/ As reported by Flue-cured Tobacco Cooperative Stabilization Corp.; the unstemmed loan stocks on the packed-weight basis average about 11 percent less than farm-sales weight figures.

* Includes quantities received from marketings through December 2, when season ended.

Growers placed 144 million pounds of flue-cured tobacco—12 percent of sales—under Government loan this season (table 7). Both the loan volume and proportion exceeded the 2 previous seasons. Volume was the second highest since acreage-poundage began in 1965. Unsold loan stocks of flue-cured tobacco have been about the same as year-earlier levels for most of 1970. Loan holdings at the beginning of 1971 are estimated 7 percent above the 770 million pounds of a year earlier.

Marketing Conditions Less Favorable

Again this season the voluntary Flue-cured Tobacco Marketing Committee set opening dates and selling times. Weekly marketings were heavier for almost every week this season that last. Many growers experienced delays in getting tobacco onto auction floors, just as they did with 1967's bumper crop. About 10 percent of the crop was sold outside the State in which produced.

This past season growers sold virtually all tobacco in untied form (looseleaf) and only 1 million pounds tied. Tied tobacco averaged 95.4 cents per pound. As in the previous 5 years, support price for tied tobacco in 1970 was 3 cents per pound more than the same grade of untied tobacco.

Supplies Steady in 1970/71

The smaller 1970 carryover and the larger 1970 crop mean the flue-cured supply of 3,147 million pounds is about the same as last year although 17 percent below the 1964/65 record high. The mid-1970 carryover was 6 percent below a year earlier, but the 1970 crop was up 13 percent (table 8). The average yield jumped 12 percent to the second highest on record.

Disappearance this season will likely fall short of last season's. This, together with the larger crop, would raise July 1971 carryover some 50 million pounds from last July's level.

1971 Quota Unchanged

As announced last July, the flue-cured quota of 1,071 million pounds is unchanged from 1970. Acreage allotments and poundage quotas for individual farms will reflect 1970 undermarketings, overmarketings, and other required adjustments. This past season aggregate marketings were closest to the effective quota since the acreage-poundage program began in 1965. The base quota plus net undermarketings gives an effective quota of about 1,080 million pounds, 10 percent below 1970.

Since the advent of acreage-poundage controls, growers have planted less of their national allotment than before. Flue-cured marketings totaled less than quota in all but 1 of the 6 seasons under the acreage-poundage program. Production in 1971 could run 10-15 percent below the 1.18 billion pounds in 1970.

BURLEY

Auction Prices Gain

Auction sales of the 1970 burley crop began November 23 and closed for the holidays December 17. Gross sales totaled 494 million pounds and averaged 72 cents a pound, 2 cents over the comparable period last year. Growers sold about 85 percent of the crop in the pre-Christmas sales, compared with 80 percent last season. Sales resume January 6.

Most grade prices are higher than a year ago. Better grades are selling 1 to 2 cents per pound above last year. But a few lower quality grades are 1-2 cents a pound lower. General quality is reported to be lower.

Grade loan rates range from 40 to 79 cents a pound reflecting the average burley support level of 68.6 cents. USDA increased grade prices from 1 to 6 cents per pound over 1969. The increases were largest in lower price grades, and least in the higher price grades. Through December 17, the 3 burley cooperatives took under Government loan about 36 million pounds, or 8 percent of market deliveries. In the same period last season, 27 percent of the sales went under loan.

Supplies Large, Loan Holdings Up

This season's burley supply of 1,903 million pounds is about the same as last season and 7 percent below the 1964/65 peak (table 9). The 1970 crop, estimated at 560 million pounds, was 5 percent below a year earlier due to the allotment cut. Harvested acreage fell about 9 percent; acreage allotments for farms not protected by minimum provisions were cut 10 percent. Estimated yield gained 4 percent to a new record.

The October 1 burley carryover was up 2 percent from a year earlier. But carryover under Government loan was up 115 million pounds to 455 million pounds.

The 1970/71 supply is equal to 3.4 times probable disappearance, about the same as last season. The desirable ratio, based on the legislative formula, is 2.8. Carryover next October 1 will probably not change much from this season's level.

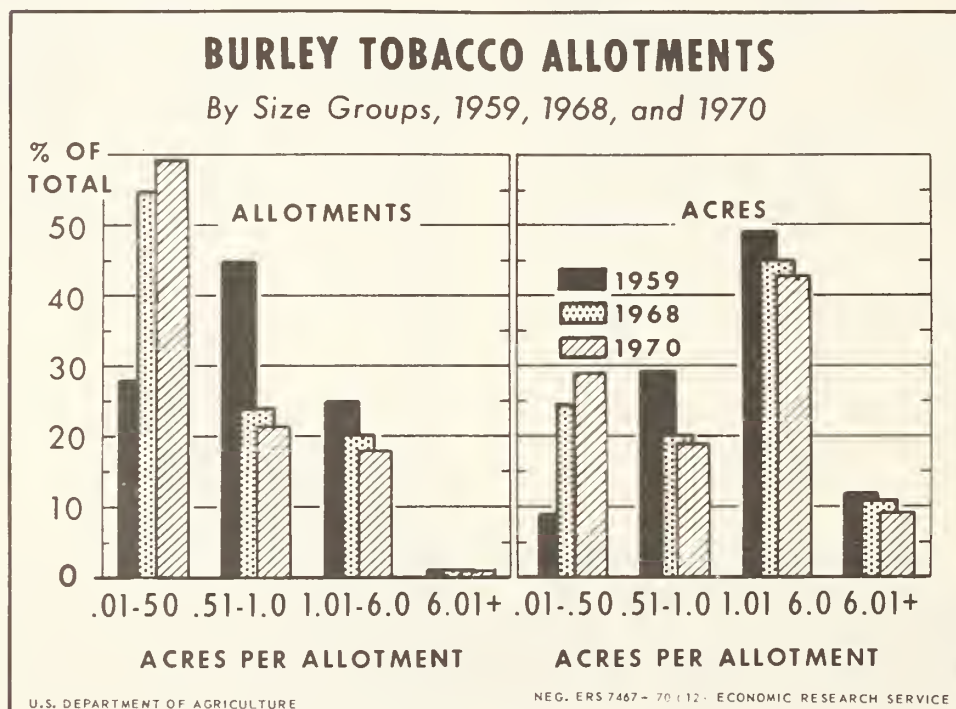
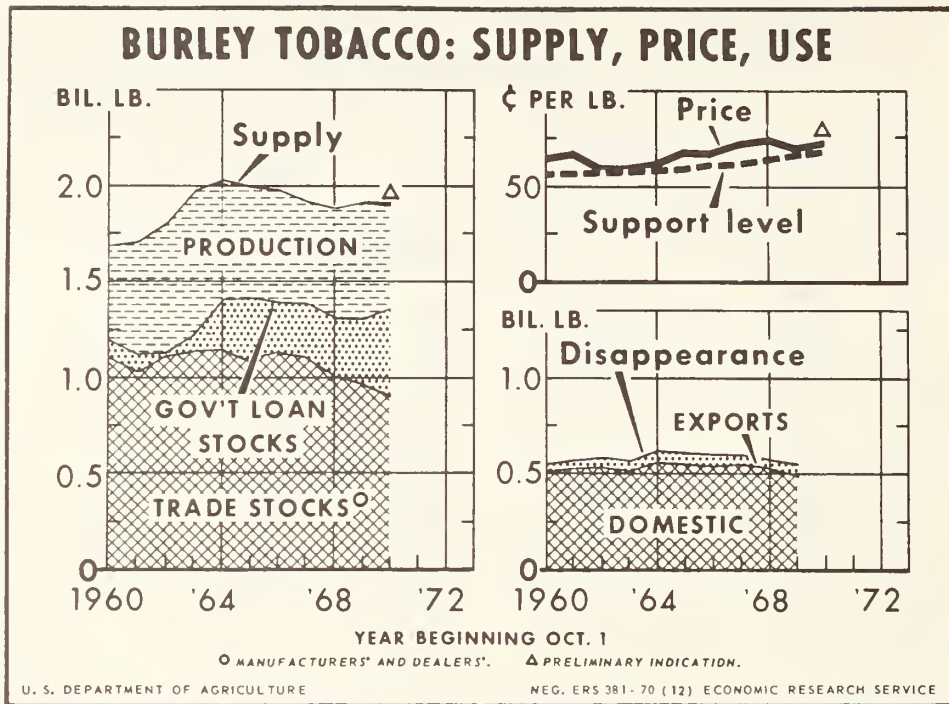
1969/70 Disappearance Slightly Smaller

During the year ended September 30, 1970, burley disappearance dropped 1 percent below the previous year. All the decline was in domestic use, as exports gained. The 2 percent decline in domestic burley use contrasts with a gain of 1 percent in the same period for cigarette manufacture—the principal outlet for burley. Also, smoking tobacco output gained. With the downtrend in tobacco per cigarette continuing, even steady cigarette production in 1970/71 would point to continued declines in domestic burley disappearance.

Table 9.--Burley tobacco, type 31: Domestic supplies, disappearance, season average price, and price support operations for specified periods

(Farm-sales weight)							
Year	Production	Stocks, October 1	Supply	Disappearance <u>1/</u>			
				Total	Domestic	Exports	
<u>Million pounds</u>							
1960	485	1,191	1,676	549	508	41	
1961	580	1,127	1,707	570	525	45	
1962	675	1,137	1,812	584	531	53	
1963	755	1,228	1,983	571	514	57	
1964	620	1,412	2,032	616	560	56	
1965	586	1,416	2,002	607	550	57	
1966	587	1,395	1,982	600	544	56	
1967	541	1,382	1,923	599	546	53	
1968	563	1,324	1,887	571	516	55	
1969	591	1,316	1,907	564	506	58	
1970 <u>2/</u>	560	1,343	1,903				
	Average price per pound	Price support level <u>3/</u>	Placed under Government loan		Remaining in Government loan stocks on November 30, 1970 <u>4/</u>		
			Quantity	Percentage of crop			
	---- Cents ----		<u>Million pounds</u>	<u>Percent</u>	<u>Million pounds</u>		
1960	64.3	57.2	8.4	1.7	0		
1961	66.5	57.2	10.3	1.8	0		
1962	58.6	57.8	63.5	9.4	4.3		
1963	59.2	58.3	202.3	26.8	49.6		
1964	60.3	58.9	110.4	17.8	51.3		
1965	67.0	59.5	42.2	7.2	36.8		
1966	66.9	60.6	62.5	10.6	51.7		
1967	71.8	61.8	64.2	11.9	58.0		
1968	73.7	63.5	56.2	10.0	55.7		
1969	69.6	65.8	158.5	26.8	155.1		
1970	*72.2	68.6	<u>5/</u>	<u>5/</u>	<u>5/</u>		
Total	---	---	778.5	---	6/462.5		

1/ Year beginning October 1. 2/ Subject to revision. 3/ For 1960 set at 1959 level; from 1961 on, adjusted to reflect relative change between 1959 parity index and average of parity index for 3 most recent calendar years. 4/ Actual loan stocks on a packed-weight basis average about 11 percent less than these farm-sales weight figures. 5/ Through December 17 about 36 million pounds, 8 percent of deliveries, went under loan. 6/ About 6 million pounds of these holdings have been sold. * Auction average through December 17.



Heavy movement in the first half of last season boosted burley exports in the marketing year ended September 30, 1970, to 58 million pounds, a record and 3 million above a year earlier. West Germany, our leading foreign market for burley, decreased takings 3 million pounds. West Germany's cigarette production gained 6 percent in 1969 over 1968 and gained further in 1970.

MARYLAND

1969/70 Disappearance Drops, Still Exceeds Crops

During the year ended September 30, 1970, disappearance of Maryland tobacco was 41 million pounds. This was 8 million below the record high of the previous year and the second highest on record (table 10).

Domestic use of Maryland tobacco at 29 million pounds was 9 million below the previous year's record. With declining supplies and a record high price last season, domestic use in the current marketing year may be near the 20-25 million pound range just prior to the past 2 years.

Exports held above year-earlier levels in August and September so the season's total of 12 million pounds was nearly 2 million above the previous year. Switzerland's takings rebounded from the low level in 1968/69 and accounted for 70 percent of the total. U.S. exports of other tobaccos to Switzerland remained about the same in this period, but Swiss cigarette output gained.

1970/71 Supplies Down Sharply

Carryover on January 1, 1971, is estimated about one-fifth below the 67 million pounds of a year earlier. Disappearance has exceeded output.

The December estimate of the 1970 Maryland crop is 27 million pounds, about 3 percent below the previous year. Acreage allotments were not in effect, since growers disapproved a marketing quota for the 1970 crop. Compared with 1969, the current crop was produced on less acreage, but the yield improved.

The crop plus the estimated carryover provides a 1970/71 supply about one-sixth below a year earlier. Auction sales of the 1970 Maryland tobacco crop will begin April 13 and end June 25. The hogshead market operates year-round.

FIRE-CURED

1970 Sales Prices Weaken

Auction markets for Virginia fire-cured (type 21) opened December 8. For sales through December 17 (when markets closed for the holidays until January 12)

prices averaged 52 cents a pound, 3 cents below last year's record high. Quality was down from last year's excellent crop. Auctions for Kentucky-Tennessee fire-cured (types 22 and 23) are expected to open around the middle of January.

The 1970 fire-cured crop, an estimated 39 million pounds, is 3 percent below 1969, and substantially below last marketing year's use. The overall support level for the 1970 crop is 46.6 cents a pound. In the Virginia fire-cured markets before Christmas, Government loan placements were again very low.

Fire-cured and dark air-cured tobacco
loan stocks, 1968-70

Type	(Farm-sales weight)		
	End of November		
	1968	1969	1970
	<i>Million pounds</i>		
Virginia type 21	2.8	1.6	1.4
Ky.-Tenn., types 22-23 . . .	21.8	11.7	10.1
Ky.-Tenn., types 35-36 . . .	16.6	15.2	18.5

1970/71 Supplies Lower

The 1970/71 supply of fire-cured types totals 113 million pounds—down 8 percent from a year earlier. Based on prospective use, this supply would last 2.4 years. Carryover on October 1, 1971, will probably show a further decline from the current level.

The supply of Virginia fire-cured is 2 percent below last year. The Kentucky-Tennessee supply is down 9 percent as carryover stocks declined again (table 11).

Disappearance Gains

In the marketing year ended September 30, 1970, disappearance of fire-cured types was 50 million pounds—about 7 percent above the previous season. Both exports and domestic use gained (1969/70 disappearance adjusted for a fire loss). The steady output of snuff, plug, and twist chewing tobacco helped domestic use of Kentucky-Tennessee types recover. Domestic use of Virginia fire-cured fell sharply. Last season's type 21 prices were record high.

Last season's exports of fire-cured tobacco, including an allowance for Black Fat, gained 5 million pounds, reflecting inventory adjustments for leaf the previous year and better demand for Black Fat, a semi-processed product. Exports of Kentucky-Tennessee fire-cured rose 4 million pounds above the relatively low level in 1968/69. Most of this gain was in the Netherlands, the major fire-cured destination. Among other leading outlets, France, Belgium, and Sweden took less.

Table 10.--Maryland tobacco, type 32: Acreage, yield, production, carryover, supply, disappearance, season average price, and price support operations, 1965-70

(Farm-sales weight)							
Marketing year	Acreage harvested	Yield per acre	Production	Stocks, following January 1 --			Total supply
				Manufacturers and other	Under loan	Total	
	Thousand acres	Pounds		Million pounds			
1965	33.5	1,150	38.5	70.0	20.2	90.1	128.6
1966	35.0	1,030	36.0	68.2	21.5	89.7	125.7
1967	31.5	1,030	32.4	68.2	18.1	86.3	118.7
1968	30.0	1,065	32.0	74.5	7.0	81.5	113.5
1969 ^{1/}	28.0	1,000	28.0	66.7	0	66.7	94.7
1970 ^{1/}	26.0	1,040	27.0			*53.0	80.0
Disappearance ^{2/}			Average price per pound	Price support level	Placed under Government loan		
Total	Domestic	Exports			Quantity	Percentage of crop	
	Million pounds		Cents		Million pounds	Percent	
1965	35.7	24.7	11.0	65.5	52.8	2.7	7.0
1966	40.2	23.7	16.5	48.6		No price support	
1967	36.0	20.3	15.7	62.4		No price support	
1967	48.7	38.3	10.4	69.8		No price support	
1969	41.3	29.1	12.2	3/75.1		No price support	
1970						No price support	

^{1/} Subject to revision. ^{2/} Year beginning October 1. ^{3/} Auction market average. * Estimated.

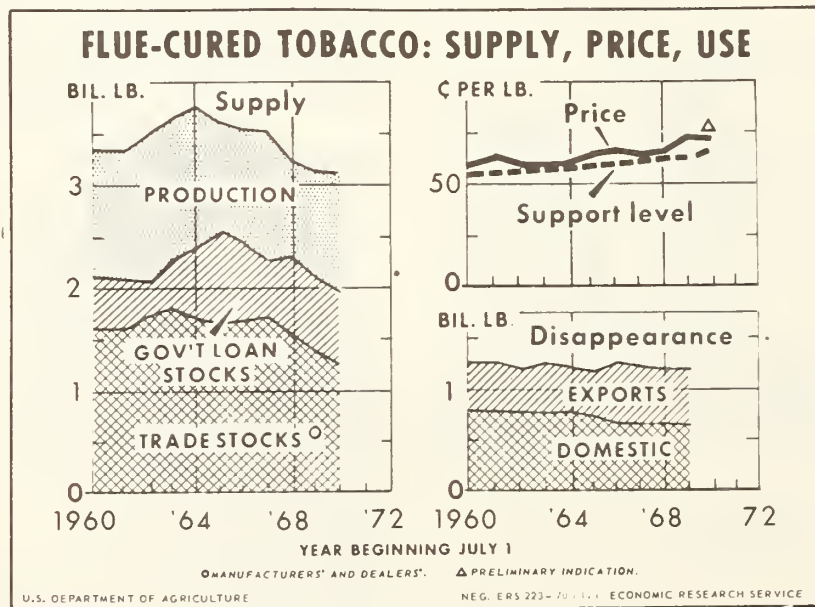


Table 11.--Fire-cured tobacco, Kentucky-Tennessee types 22-23, and Virginia fire-cured type 21: Acreage, yield, production, carryover, supply, disappearance, season average price, and price support operations, 1965-70

(Farm-sales weight)							
Marketing year beginning October 1	Acreage harvested	Yield per acre	Production	Beginning stocks, October 1 --			Total supply
				Manufacturers and other	Under loan	Total	
	Thousand acres	Pounds		----- Million pounds -----			
Kentucky-Tennessee fire-cured, types 22-23							
1965	23.2	1,574	36.6	72.5	32.3	104.8	141.4
1966	21.0	1,919	40.2	69.9	25.9	95.8	136.0
1967	17.3	1,702	29.5	64.0	27.3	91.3	120.8
1968	17.9	1,822	32.6	57.3	21.5	78.8	111.4
1969	19.0	1,797	34.1	61.1	11.6	72.7	106.8
1970 1/	17.9	1,843	32.9	54.1	9.7	63.8	96.7
Virginia fire-cured, type 21							
1965	7.6	1,260	9.6	12.3	3.3	15.6	25.2
1966	6.0	1,255	7.5	13.4	3.5	16.9	24.4
1967	5.4	1,290	7.0	12.1	2.7	14.8	21.8
1968	4.9	1,205	5.9	8.9	2.8	11.7	17.6
1969	5.0	1,340	6.7	8.0	1.9	9.9	16.6
1970 1/	5.0	1,300	6.5	8.4	1.4	9.8	16.3
Disappearance			Average price	Price support	Placed under Government loan		
Total	Domestic	Exports	per pound	level	Quantity	Percentage of crop	
----- Million pounds -----			Cents		Million pounds	Percent	
Kentucky-Tennessee fire-cured, types 22-23							
1965	45.6	18.0	27.6	43.6	40.4	2.3	6.3
1966	44.7	21.0	23.7	42.2	41.1	6.3	15.7
1967	42.0	14.9	27.1	46.2	41.9	.8	2.7
1968	38.7	2/19.1	19.6	51.1	43.1	.4	1.2
1969	43.0	18.5	24.5	48.1	44.6	1.9	5.6
1970					46.6		
Virginia fire-cured, type 21							
1965	8.3	3.0	5.3	39.9	40.4	1.0	10.4
1966	9.6	2.3	7.3	41.2	41.1	.6	8.0
1967	10.1	3.4	6.7	40.9	41.9	.7	10.1
1968	7.7	3.0	4.7	46.9	43.1	.2	3.4
1969	6.8	1.7	5.1	53.1	44.6	.1	1.5
1970					46.6	3/	3/

1/ Subject to revision. 2/ Includes 4.7 million pounds fire loss, April 1969. 3/ Through December 17, about 2 percent of marketings were placed under loan.

The 1969/70 exports of Virginia fire-cured gained 400,000 pounds. About four-tenths of the total goes to Norway where it is made into shag tobacco for roll-your-own cigarettes and smoking tobacco. Preference for this kind of tobacco over factory cigarettes remains strong, because of the high cost of factory-made cigarettes.

DARK AIR-CURED

Prices and Price Support

Auction markets for One Sucker and Green River (Kentucky-Tennessee dark air-cured, types 35-36) opened December 5 and December 1, respectively. Auctions at Richmond opened for Virginia sun-cured (type 37) on December 8. The overall price support level for 1970 dark air-cured is 41.4 cents a pound. Farmers received more for types 35-36 than last season, but a little less for type 37.

Dark air-cured tobacco auction markets:
Average prices and loan receipts through
December 18, 1970, comparable 1969 period

Year and type	Price per lb.	Loan receipts
	<i>Cents</i>	<i>Percent of sales</i>
1970		
35	45.6	5.3
36	43.3	3.6
37	53.0	.4
1969		
35	40.3	22.2
36	39.9	17.4
37	54.5	---

The dark air-cured crop, an estimated 17 million pounds, was 12 percent below 1969's level and 8 million below last season's disappearance. Acreage was down 15 percent, primarily due to the allotment cut.

1970/71 Supplies Below Year Ago

The 1970/71 supply of dark air-cured and sun-cured tobacco, about 74 million pounds, is about 10 percent below last season. Both new crops and total carryover are smaller. The supply decline occurs in all 3 types—One Sucker, Green River, and Sun-cured. (table 12).

Total supplies of dark air-cured tobacco represent about 3½ years' supply, based on projected disappearance. Government loan stocks on October 1, 1970—outset of the current marketing year—were 3 million pounds above year-earlier holdings. Carryover will decline if disappearance in 1970/71 is steady, or equal to the 1965-69 average.

Disappearance Jumped in 1969/70

Disappearance of dark air-cured tobacco last season was 25 million pounds, about 7 million above the previous season. Domestic use accounted for almost all the gain. In October 1969-September 1970, combined output of plug, twist, and fine-cut chewing tobacco rose 1 percent. Exports of the dark types last season (including Black Fat) gained because Black Fat exports recovered. Leaf exports declined.

Black Fat exports of 2.5 million pounds in 1969/70 were about double the record low of a year earlier, as several African destinations took more. While some of the African countries have tried to grow more native tobaccos, the import substitution is not complete. Exports of *One Sucker* leaf fell substantially. No shipments went to South Vietnam in contrast to 0.5 million pounds in 1968/69. Exports of *Green River* leaf also fell. With increased takings the Congo became the leading destination.

CIGAR TOBACCO

U.S. and Puerto Rican Supplies Lower

Supplies of U.S. and Puerto Rican cigar tobacco are about 8 percent lower than in 1969, continuing the postwar trend (table 13). Carryover was down and 1970/71 production is a little lower. The decline is largely in cigar filler types. Last season's filler disappearance was about the same as 1968/69. Use of both binder and wrapper types declined. On November 30, 1970, Government loan stocks of cigar tobacco were above 1969's total.

Production of U.S. cigar leaf was about 1 percent below 1969. Yields improved, but acreage was off. Cigar tobacco is sold either directly on the farms or through cooperatives. Therefore, price data on cigar types are not as detailed as for types sold at auctions. Trade reports indicate buyers are paying considerably higher prices for the 1970 Ohio filler and Connecticut and Wisconsin binder than last season. Season average prices will be published in the May 1971 issue of *Crop Production*.

U.S. and Puerto Rican Filler Supplies Falling

The supply of continental cigar filler is 10 percent below last year and the smallest on record. Both carryover and production are smaller. These supplies would last about 2.7 years, based on 1969/70 disappearance. Disappearance in the 1970/71 marketing year may continue down but probably will again exceed production.

Dwindling output is likely to persist in the absence of automated methods or change in the kind of tobacco produced. Growers of cigar filler tobacco received the lowest price of any U.S. tobacco and many have turned to alternative employment.

Table 12.--Dark air-cured tobacco, types 35-36, and Sun-cured tobacco type 37: Acreage, yield, production, carryover, supply, disappearance, season average price, and price support operations, 1965-70

(Farm-sales weight)							
Marketing year beginning October 1	Acreage harvested	Yield per acre	Production	Beginning stocks			Total supply
				Manufacturers and other	Under loan	Total	
	Thousand acres	Pounds		----- Million pounds -----			
	Dark air-cured, types 35-36						
1965	11.3	1,639	18.5	40.6	21.3	61.9	80.4
1966	10.7	1,987	21.3	41.0	19.6	60.6	81.9
1967	9.5	1,629	15.5	39.2	21.3	60.5	76.0
1968	9.8	1,831	18.0	41.1	17.1	58.2	76.2
1969	10.1	1,793	18.1	44.1	15.0	59.1	77.2
1970 1/	8.5	1,879	16.0	35.5	18.2	53.7	69.7
	Sun-cured, type 37						
1965	1.8	1,105	2.0	4.3	0	4.3	6.3
1966	1.4	1,065	1.5	4.3	0	4.3	5.8
1967	1.2	1,090	1.3	4.2	0	4.2	5.5
1968	1.1	1,095	1.2	3.9	0	3.9	5.1
1969	1.1	1,225	1.3	3.8	0	3.8	5.1
1970 1/	1.0	1,190	1.2	3.3	0	3.3	4.5
	Disappearance			Average	Price	Placed under	
				price	support	Government loan	
	Total	Domestic	Exports	per pound	level	Quantity	Percentage
							of crop
	----- Million pounds -----			Cents		Million pounds	Percent
	Dark air-cured, types 35-36						
1965	19.8	16.2	3.6	37.0	35.9	3.2	17.3
1966	21.4	17.0	4.4	37.3	36.6	4.7	22.1
1967	17.8	14.8	3.0	40.8	37.3	1.4	9.0
1968	17.1	15.0	2.1	47.4	38.3	.7	3.9
1969	23.5	21.2	2.3	40.3	39.7	4.8	26.5
1970					41.4	2/	2/
	Sun-cured, type 37						
1965	2.0	1.7	.3	39.2	35.9	3/75	3.8
1966	1.6	1.2	.4	42.3	36.6	3/26	1.7
1967	1.6	1.2	.4	45.2	37.3	3/25	1.9
1968	1.3	1.1	.2	53.2	38.3	3/1	.1
1969	1.8	1.5	.3	52.8	39.7	3/1	.1
1970					41.4	2/	2/

1/ Subject to revision. 2/ Through mid-December, about 6 percent of marketings were placed under loan, for types 35-36; .4 percent for type 37. 3/ Quantity placed under loan reported in thousand pounds.

Table 13. Cigar tobacco, types 41-62: Domestic supplies, disappearance, and season average prices, for 1965-70

Crop year	Acreage harvested	Yield per acre	(Farm-sales weight)					Average price per pound to growers	
			Production	Supply		Disappearance			
				Beginning stocks 1/	Total supply	Total	Domestic		Exports
	Thous. acres	Pounds			Million pounds				Cents
Pennsylvania Seedleaf Filler (type 41)									
1965	27.0	1,900	51.3	129.4	180.7	53.0	51.2	1.8	24.0
1966	23.0	1,675	38.5	127.7	166.2	53.9	52.4	1.5	25.0
1967	21.0	1,825	38.3	112.3	150.6	41.9	41.3	.6	28.0
1968	21.0	1,775	37.3	108.7	146.0	40.9	40.0	.9	30.0
1969	20.0	1,875	37.5	105.1	142.6	45.3	44.7	.6	30.0
1970 2/	19.0	1,800	34.2	97.3	131.5				
Ohio, Miami Valley Filler (types 42-44)									
1965	3.7	1,465	5.4	17.0	22.4	6.2	6.2	---	26.2
1966	3.2	1,885	6.0	16.2	22.2	6.7	6.7	---	28.0
1967	2.3	1,580	3.6	15.5	19.1	6.2	6.2	---	29.0
1968	2.0	1,670	3.4	12.9	16.3	5.4	5.4	---	31.0
1969	1.7	1,650	2.8	10.9	13.7	4.7	4.7	---	32.5
1970 2/	1.7	1,650	2.8	9.0	11.8				
Puerto Rico Filler (type 46) 3/									
1965	17.0	951	16.2	62.6	78.8	27.0	27.0	---	4/32.1
1966	9.0	1,338	12.0	51.8	63.8	23.3	23.3	---	4/31.3
1967	7.6	1,419	10.8	40.5	51.3	16.9	16.9	---	4/33.1
1968	6.0	1,282	7.6	34.4	42.0	16.2	16.2	---	4/33.3
1969	4.7	1,302	6.1	25.8	31.9	12.6	12.6	---	4/33.6
1970 2/	4.5	1,330	6.0	19.3	25.3				
Total Cigar Filler (types 41-46)									
1965	47.7	1,528	72.9	209.0	281.9	86.2	84.4	1.8	26.0
1966	35.2	1,608	56.5	195.7	252.2	83.9	82.4	1.5	26.7
1967	30.9	1,707	52.7	168.3	221.0	65.0	64.4	.6	29.1
1968	29.0	1,666	48.3	156.0	204.3	62.5	61.6	.9	30.5
1969	26.4	1,759	46.4	141.8	188.2	62.6	62.0	.6	30.6
1970 2/	25.2	1,706	43.0	125.6	168.6				
Connecticut Valley Binder (types 51-52)									
1965	2.6	1,910	5.0	21.3	26.3	7.0	4.9	2.1	45.9
1966	1.8	2,111	3.8	19.3	23.1	6.7	5.1	1.6	51.2
1967	1.5	1,819	2.7	16.4	19.1	7.9	5.7	2.2	54.5
1968	1.6	1,808	2.8	11.2	14.0	5.1	4.7	.4	59.5
1969	1.6	1,434	2.3	8.9	11.2	4.2	3.9	.3	58.2
1970 2/	1.7	1,847	3.1	7.0	10.1				
Southern Wisconsin Binder (type 54)									
1965	4.7	1,805	8.5	22.7	31.2	8.8	8.8	---	29.7
1966	3.9	1,895	7.4	22.4	29.8	9.1	9.1	---	34.3
1967	3.8	1,905	7.2	20.7	27.9	8.0	8.0	---	34.4
1968	3.7	1,990	7.4	19.9	27.3	7.7	7.7	---	36.8
1969	3.7	1,740	6.4	19.6	26.0	9.3	9.3	---	40.2
1970 2/	4.4	1,950	8.6	16.7	25.3				
Northern Wisconsin Binder (type 55)									
1965	6.2	1,735	10.8	26.8	37.6	9.4	9.1	.3	28.9
1966	5.4	1,635	8.8	28.2	37.0	7.7	7.4	.3	32.4
1967	4.5	1,975	8.9	29.3	38.2	9.3	8.9	.4	34.1
1968	4.0	1,670	6.7	28.9	35.6	14.9	14.5	.4	37.9
1969	3.7	1,810	6.7	20.7	27.4	8.8	8.5	.3	42.5
1970 2/	4.4	1,900	8.4	18.6	27.0				

See footnotes at end of table.

Continued --

Table 13.--Cigar tobacco, types 41-62: Domestic supplies, disappearance, and season average prices, for 1965-70--Cont.

Crop year	(Farm-sales weight)								
	Acreage harvested	Yield per acre	Supply			Disappearance			Average price per pound to growers
			Production	Beginning stocks 1/	Total supply	Total	Domestic	Exports	
	Thous. acres	Pounds			Million pounds				Cents
Total Wisconsin Binder (types 54-55)									
1965	10.9	1,765	19.3	49.5	68.8	18.2	17.9	.3	29.3
1966	9.3	1,744	16.2	50.6	66.8	16.8	16.5	.3	33.3
1967	8.3	1,943	16.1	50.0	66.1	17.3	16.9	.4	34.2
1968	7.7	1,824	14.1	48.8	62.9	22.6	22.2	.4	37.3
1969	7.4	1,775	13.1	40.3	53.4	18.1	17.8	.3	41.4
1970 2/	8.8	1,925	16.9	35.3	52.2				
Total Cigar Binder (types 51-55)									
1965	13.5	1,793	24.3	70.8	95.1	25.2	22.8	2.4	32.7
1966	11.1	1,804	20.0	69.9	89.9	23.5	21.6	1.9	36.7
1967	9.8	1,924	18.8	66.4	85.2	25.2	22.6	2.6	37.1
1968	9.3	1,821	16.9	60.0	76.9	27.7	26.9	.8	41.0
1969	9.0	1,714	15.4	49.2	64.6	22.3	21.7	.6	44.0
1970 2/	10.5	1,912	20.1	42.3	62.4				
Connecticut Valley Shade-grown (type 61)									
1965	9.3	1,567	14.6	14.3	28.9	12.6	9.3	3.3	250.0
1966	8.8	1,555	13.7	16.3	30.0	14.0	10.5	3.5	295.0
1967	8.5	1,124	9.6	16.0	25.6	12.9	9.6	3.3	360.0
1968	8.4	1,215	10.2	12.7	22.9	10.8	9.1	1.7	280.0
1969	6.3	1,208	8.1	12.1	20.2	8.0	7.0	1.0	390.0
1970 2/	6.0	1,325	8.0	12.2	20.2				
Georgia-Florida Shade-grown (type 62)									
1965	6.3	1,321	8.3	7.3	15.6	7.4	5.5	1.9	225.0
1966	5.8	1,265	7.3	8.2	15.5	6.8	6.1	.7	185.0
1967	5.1	1,573	8.0	8.7	16.7	7.9	6.3	1.6	245.0
1968	5.0	1,556	7.9	8.8	16.7	9.2	7.1	2.1	270.0
1969	5.0	1,569	7.8	7.5	15.3	6.1	5.2	.9	280.0
1970 2/	3.6	1,590	5.6	9.2	14.8				
Total Shade-grown (types 61-62)									
1965	15.6	1,468	22.9	21.6	44.5	20.0	14.8	5.2	241.0
1966	14.6	1,440	21.0	24.5	45.5	20.8	16.6	4.2	257.0
1967	13.6	1,292	17.6	24.7	42.3	20.8	15.9	4.9	308.0
1968	13.4	1,343	18.1	21.5	39.6	20.0	16.2	3.8	275.7
1969	11.3	1,411	15.9	19.6	35.5	14.1	12.2	1.9	336.2
1970 2/	9.6	1,426	13.6	21.4	35.0				
Grand Total Cigar Tobacco (types 41-62)									
1965	76.8	1,562	120.1	301.4	421.5	131.4	122.0	9.4	68.3
1966	60.9	1,603	97.5	290.1	387.6	128.2	120.6	7.6	78.2
1967	54.3	1,642	89.1	259.4	348.5	111.0	102.9	8.1	85.7
1968	51.7	1,610	83.3	237.5	320.8	110.2	104.7	5.5	85.9
1969	46.7	1,664	77.6	210.6	288.3	99.0	95.9	3.1	95.8
1970 2/	45.3	1,695	76.7	189.3	266.0				

^{1/} October 1 for types 41-55; July 1 for types 61-62.^{2/} Subject to revision.^{3/} Puerto Rican planting occurs late in calendar year; projected for 1970.^{4/} Excludes payment by Puerto Rican Government.

Foreign-grown cigar leaf tobacco: U.S. imports and stocks, 1967-70

(Farm sales weight)

Country of Origin	Imports for consumption				Dealers and manufacturers stocks			
	Year ending September 30—				October 1—			
	1967	1968	1969	1970	1967	1968	1969	1970
	<i>Million pounds</i>							
Philippines	27.1	30.9	35.3	36.6	30.1	35.6	40.2	38.9
Dominican Rep.	7.7	10.8	10.1	12.5	10.2	14.4	10.0	9.5
Brazil	5.9	8.0	6.9	7.6	10.6	9.5	8.0	9.2
Colombia	5.7	7.5	6.9	8.1	11.0	12.1	11.2	10.1
Paraguay	3.0	2.5	2.4	5.6	2.3	3.2	8.1	8.9
Mexico	3.3	3.3	3.8	3.4	(¹)	4.4	4.4	5.9
Indonesia	1.9	1.8	2.8	2.6	5.0	3.8	3.0	3.4
All others	7.8	9.8	10.5	14.2	15.7	7.7	11.1	13.2
Total	62.4	74.6	78.7	90.6	84.9	90.9	96.1	99.1

¹ Included in all others.

Imports Supplementing Lower U.S. Supplies

For 1969/70 (October-September) cigar tobacco imports substantially exceeded use from domestic filler supplies. With domestic supplies declining further in 1970/71, manufacturers may draw even more heavily on foreign leaf.

Last season 91 million pounds of cigar tobacco were imported for consumption, 12 million above the previous season. This increased volume provided about 59 percent of U.S. cigar filler requirements. Imports increased from most major and minor suppliers.

Foreign-grown cigar leaf stocks in the United States on October 1 reached 99 million pounds—3 million above a year earlier. However, stocks were below the 1965 high.

Binder Supplies Lower

The season's binder tobacco supplies are about 3 percent below 1969/70 due to smaller carryovers. The 1970 crop is larger. Both acreage and yields were up. Disappearance still exceeds the crop, so at the end of this season another decline in carryover is likely.

Cigar binder disappearance last season was about 5 million below a year earlier. A sizable gain occurred in the Southern Wisconsin type but declines occurred for Connecticut Valley and Northern Wisconsin types.

Scrap chewing tobacco output, the principal outlet for Wisconsin binder, gained almost 2 million pounds. Scrap manufacturers apparently used other kinds of leaf to supplement Wisconsin leaf. Cigar makers use Connecticut tobacco in both natural and reconstituted binder. Sales of higher priced cigars that normally use natural binder have increased steadily for several years, but binder requirements for low and medium-priced cigars have declined as manufacturers have developed more efficient tobacco reconstituting processes, and sold a higher proportion of cigarillos.

Wrapper Supplies Steadying

Cigar wrapper tobacco supplies for 1970/71 are about 1 percent below last year, and about one-fourth below the 1964-68 crop year average. The crop was smaller for the second straight year, due less acreage, particularly in the Georgia-Florida area. The Connecticut Valley crop was about the same size as last year. Total carryover was up. Following last season's precipitous drop, disappearance this season may about hold its own. If disappearance steadies, carryover next July 1 will be about the same as last July's 21 million pounds.

As manufacturers shifted to homogenized wrapper and smaller, slimmer cigars, they have cut their requirements for natural wrapper. The high cost of U.S. wrapper hinders exports. During July-October 1970, exports for both Georgia-Florida and for Connecticut Valley types fell below the low levels of a year earlier.

Table 14.--Tobacco: Acreage, yield, production, stocks, supply, disappearance, price and crop value, United States and Puerto Rico, 1947-70

(Farm-sales weight)										
Crop year	Acreage	Yield per acre	Production	Stocks 1/	Supply	Disappearance 1/			Average price per pound to growers	Crop value
						Total	Domestic	Exports		
	1,000 acres	Pounds			Million pounds				Cents	Million dollars
United States										
Average:										
1947-49	1,676	1,208	2,019	2,947	4,965	1,908	1,417	491	45.9	926
1950-54	1,690	1,292	2,184	3,382	5,566	2,006	1,479	527	51.2	1,118
1955-59	1,242	1,541	1,914	4,095	6,009	1,951	1,397	554	56.0	1,072
1960	1,142	1,703	1,944	3,789	5,733	2,029	1,462	567	60.9	1,184
1961	1,174	1,755	2,061	3,704	5,765	2,051	1,461	590	63.8	1,315
1962	1,224	1,891	2,315	3,714	6,029	2,004	1,474	530	58.9	1,364
1963	1,176	1,994	2,344	4,025	6,369	2,046	1,437	609	57.7	1,352
1964	1,078	2,067	2,228	4,323	6,551	2,055	1,506	549	59.2	1,319
1965	977	1,898	1,855	4,496	6,351	2,000	1,462	538	65.1	1,207
1966	974	1,937	1,887	4,351	6,238	2,098	1,394	704	66.4	1,253
1967	960	2,050	1,968	4,140	6,108	2,020	1,372	648	66.8	1,316
1968	880	1,943	1,710	2/4,088	5,798	1,975	1,352	623	69.5	1,189
1969	920	1,961	1,804	3,823	5,627	1,952	1,312	640	71.8	1,297
1970 3/	899	2,120	1,906	3,675	5,581					
United States and Puerto Rico										
Average:										
1947-49	1,710	1,200	2,045	3,012	5,057	1,942	1,447	495	45.6	932
1950-54	1,728	1,282	2,215	3,430	5,645	2,036	1,508	527	50.9	1,127
1955-59	1,270	1,528	1,941	4,147	6,088	1,981	1,426	555	55.6	1,080
1960	1,170	1,685	1,972	3,833	5,805	2,058	1,491	567	60.5	1,193
1961	1,201	1,741	2,092	3,747	5,839	2,083	1,493	590	63.4	1,326
1962	1,253	1,876	2,350	3,756	6,106	2,032	1,502	530	58.6	1,378
1963	1,206	1,970	2,376	4,074	6,450	2,076	1,467	609	57.5	1,365
1964	1,109	2,044	2,266	4,374	6,640	2,081	1,532	549	58.8	1,333
1965	994	1,882	1,871	4,559	6,430	2,027	1,489	538	64.8	1,212
1966	983	1,932	1,899	4,403	6,302	2,121	1,417	704	66.2	1,257
1967	967	2,045	1,979	4,181	6,160	2,037	1,389	648	66.7	1,319
1968	886	1,939	1,718	2/4,123	5,841	1,992	1,369	623	69.3	1,191
1969	925	1,958	1,810	3,849	5,659	1,965	1,325	640	71.6	1,299
1970 3/	903	2,116	1,912	3,694	5,606					

1/ For flue-cured and cigar wrapper, year beginning July 1; for all other types, October 1. 2/ Includes about 13 million pounds of flue-cured held on farms. 3/ Preliminary.

Cigar leaf tobacco price support operations, 1966-70

Type	Placed under Government loan, crop years—				Remaining under loan, November 30—			
	1966	1967	1968	1969	1967	1968	1969	1970
<i>Million pounds</i>								
Ohio, 42-44 .....	.2	.4	.1	(¹)	.1	0	.1	(¹)
Puerto Rican, 46	6.1	1.2	4.9	4.2	1.7	1.5	1.2	5.6
Conn. Valley, 51-52	1.0	.1	(¹)	.7	2.7	1.3	1.3	2.0
Southern Wis., 54 .....	.1	.2	(¹)	(¹)	.7	.2	(¹)	0
Northern Wis., 55	3.3	2.4	.4	0	5.9	5.1	.1	0
Total	10.7	4.3	5.5	4.9	11.1	8.1	2.7	7.6

¹ Negligible.

INTERNATIONAL DEVELOPMENTS

World tobacco Harvest Up Slightly²

World production of tobacco in 1970 of 10 billion pounds is up 2 percent from 1969, but 3 percent below the 1967 record. Production gained in North and South America, Europe, Africa, and Oceania, but was lower in Asia, where acreage declined. Yields were higher on all continents. The crop will add to surplus stocks in several areas.

Flue-cured production rose about 1 percent from the previous year. Production gains occurred in the United States and Mainland China. Canada and India registered declines. Rhodesia's output may have remained unchanged from 1969. In other areas, production remained about the same as the year before, but substantially above the 1960-64 average, in response to the U.N. sanctions on Rhodesian trade and the increasing foreign demand for cigarette tobacco (table 15).

In Rhodesia, the 1970 flue-cured harvest is estimated near the production goal of 132 million pounds. The output target, at this level for 3 years, continues for next year's harvest. This target is 100 million pounds below the 1965 production level, which preceded the U.N. sanctions.

Production in Canada decreased about 12 percent this season. Acreage was cut sharply in Ontario, but yields were a record high. Production was well above the crop target. Auctions in Ontario began November 5.

Comparisons of sales volume and average prices through December 7 are as follows:

Year	Quantity (Mil. lb.)	Price per lb. (U.S. cents)
1969	47.8	64.2
1970	44.1	66.6

India's 1970 flue-cured crop fell sharply due to heavy midseason rains. India has been unable to take full advantage of the gap in world trade left by Rhodesia since 1965. Factors have included fluctuating production, varying grade composition, rising handling costs, and India's export tax. A sizable quantity of lower grade Indian leaf from 1969 and prior crops remains unsold.

Burley production in 1970 was up 2 percent from 1969 despite the U.S. decline. The world outturn is still below the 1963 high because of reduced U.S. production. But elsewhere, increased acreage lifted 1970 output by 54 million pounds to another new high. Production gains were recorded in Mexico, Argentina, Italy, Spain, Malawi, and South Korea. Those countries, along with Greece, have been increasing acreage and except Spain, offering sizable portions of their crops for export.

Oriental leaf production increased 3 percent in 1970 and remains at a very high level in relation to domestic requirements and potential exports. In Turkey, growers reduced their acreage substantially, but better growing conditions brought big gains elsewhere. The Turkish Tobacco Monopoly has taken several measures to sell surplus tobacco, but production policies and support prices to farmers encourage further surpluses.

²Data summarized from "World Production of Tobacco", Foreign Agriculture Circular FT 5-70, December 1970, available from Foreign Agricultural Service, Room 5918, USDA, Washington, D.C. 20250.

Table 15.—Flue-cured and Oriental tobacco production in specified countries, average 1960-64, 1966-70

Country	Average 1960-64	1969 ¹	1970 ²	Country	Average 1960-64	1969 ¹	1970 ²
	<i>Mil. lb.</i>	<i>Mil. lb.</i>	<i>Mil. lb.</i>		<i>Mil. lb.</i>	<i>Mil. lb.</i>	<i>Mil. lb.</i>
Flue-cured:				Flue-cured—			
Canada	184	240	211	continued:			
Mexico	6	15	11	Cambodia	3	12	12
Brazil	119	173	190	Couth Korea	56	102	123
Angola	1	12	12	Pakistan	23	77	81
Mozambique	3	7	11	Philippines	72	88	84
Zambia	17	11	12	Thailand	23	45	47
Malawi	3	6	10	South Vietnam	4	4	4
Rhodesia	225	132	132	Total	1,245	1,602	1,470
Tanzania	3	18	20	Oriental:			
Uganda	2	7	6	Greece	216	146	188
South Africa	28	46	44	Bulgaria	198	³ 209	³ 225
Iran	1	6	6	Yugoslavia	76	71	73
Taiwan	38	45	46	Turkey	277	315	284
Ceylon	4	10	10	Total	767	741	770
India	184	165	179				
Indonesia	42	27	15				
Japan	204	254	204				

¹Subject to revision. ²Preliminary. ³Estimated.
Compiled from reports of Foreign Agricultural Service.

**Flue-cured and Oriental tobacco exports,
major foreign exporters, 1968-70**

Country and type	Period	1968	1969	1970
		<i>Million pounds</i>		
Flue-cured				
India	Jan.-June	56	62	55
Canada	Jan.-July	35	38	31
Oriental				
Greece	Jan.-June	60	71	62
Turkey	Jan.-July	81	99	96

EC's Tobacco Policy Hurting U.S. Trade³

After several years of discussion the European Community adopted the common agricultural policy for tobacco earlier this year and it became effective for the 1970 crop. The EC produces about one-third of its tobacco requirements and the United States provides about one-third of EC's leaf imports. Thus, U.S. producers and exporters are concerned about cutbacks in the EC's takings of U.S. tobacco. The U.S. Government and U.S. trade groups allege the buyer's premium violates the terms of GATT, which requires nondiscriminatory treatment of imports. The United

States Government recently presented its views to EC representatives and requested that the buyers premium be removed.

The standard (or target) prices for 1970 apply to 19 tobacco varieties grown in the Community and are 11 to 24 percent above the 1967-69 EC producer prices. Production controls are authorized but there is no mandatory requirement to impose them. The EC subsidizes the purchase of EC leaf (buyer's premium). This subsidy ranges from 20 to 73 percent of the standard price. The premium provides an extremely large discount to purchasers of EC leaf if buyers do not pass the premium on to the growers. Export subsidies, continuation of monopoly activities, and tax harmonization are other CAP measures that can limit U.S. exports and those from other countries outside the EC trade area.

U.K. Trade in 1970

For the first 9 months of 1970, United Kingdom took about the same quantity of U.S. tobacco as the low level a year earlier. Commonwealth countries supplied considerably less, but noncommonwealth suppliers besides the United States accounted for 20 percent of the total (table 16).

Gross clearances of tobacco from bond—an approximate measure of U.K. domestic use and exports—in January-September 1970 remained the same as a year earlier. U.S. flue-cured made up about half of gross clearances.

³Hugh C. Kiger, "European Community's Common Tobacco Policy may Hamper U.S. Trade," *Foreign Agriculture*, November 2, 1970, pp. 4-6.

Due to the decline in imports, U.K. manufacturers' leaf tobacco stocks at the end of September 1970 were 6 percent below the last year, and the lowest on record for the date. Flue-cured stocks were down 7 percent.

September stocks of U.S. tobacco represented 1.1 years' supply compared with 1.2 a year earlier. The downtrend in U.S. stocks has persisted due to falling U.K. consumption, health risks, and high excise duties.

Table 16.—United Kingdom tobacco: Imports, stocks, clearances, and exports, 1968-70

Item	January-September				January-September		
	1968	1969	1970		1968	1969	1970
	<i>Mil. lb.</i>	<i>Mil. lb.</i>	<i>Mil. lb.</i>		<i>Mil. lb.</i>	<i>Mil. lb.</i>	<i>Mil. lb.</i>
Imports, by source:				Gross clearances:			
United States	100	63	63	Full duty rate ¹	124	124	126
Commonwealth	113	112	85	Commonwealth rate ²	107	103	101
Other	20	27	39	Total	231	227	227
Total	233	202	187				
Exports:				Flue-cured:			
Manufactured products	33	36	38	United States	109	107	101
Unmanufactured	3	2	4	Canada	34	33	37
Stocks, Sept. 30:				India	33	33	34
Flue-cured	386	373	346	Rhodesia	19	8	2
Other	44	51	54	Zambia and Malawi	7	8	8
Total	430	424	400	Other	12	19	20
				Total	214	208	202
				Net clearances:	178	173	173

¹ March 15 estimate.

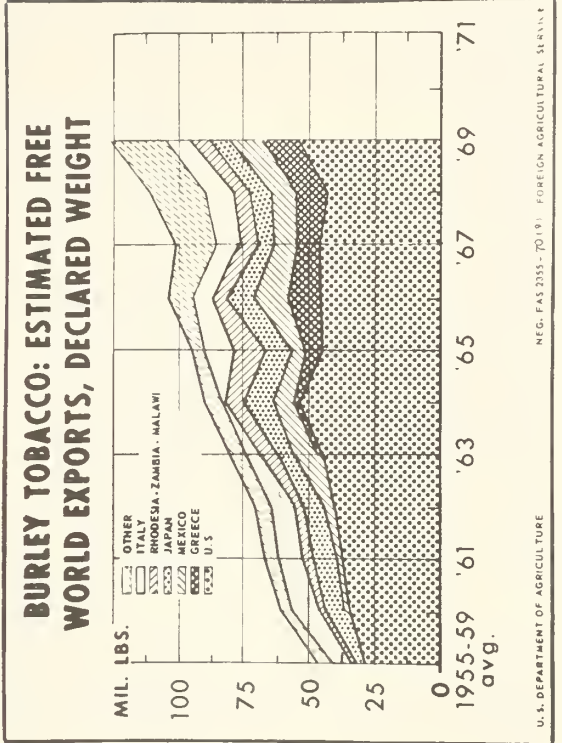
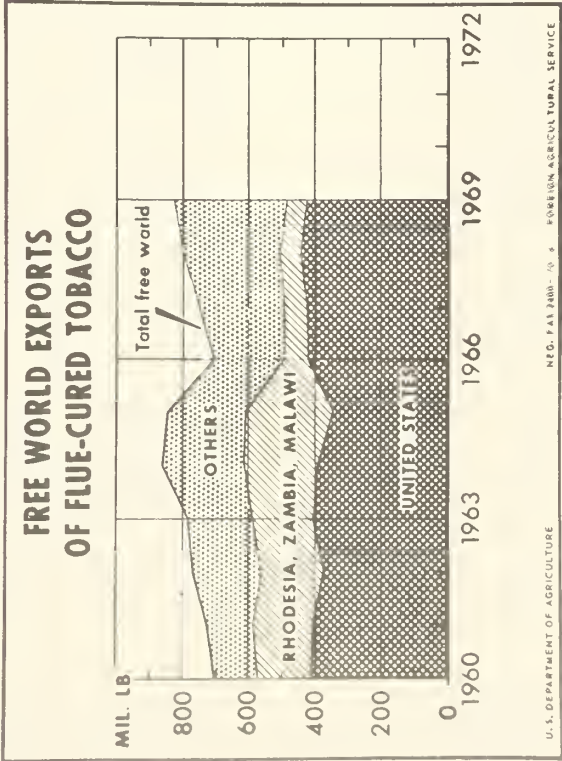
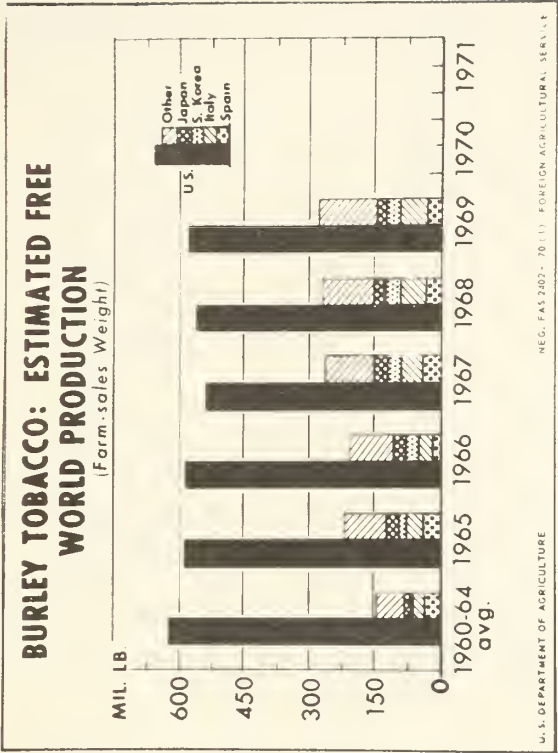
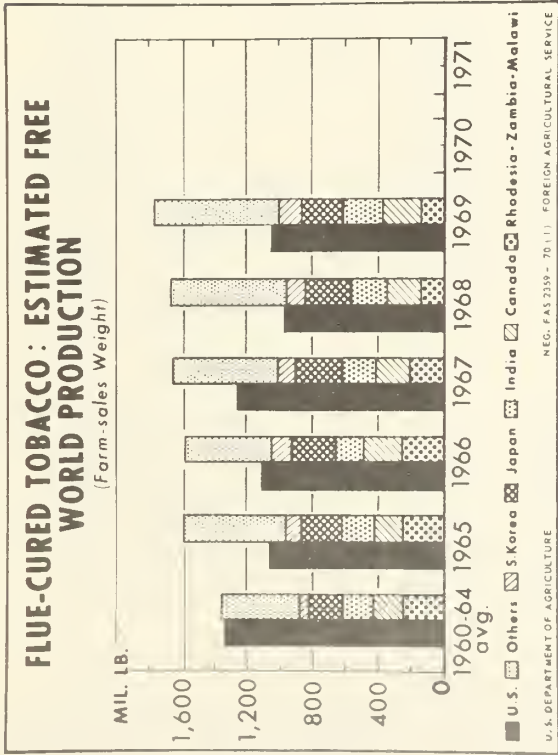
Compiled from Official United Kingdom sources.

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ANNUAL OUTLOOK CONFERENCE SCHEDULED FOR FEBRUARY 1971

The annual National Agricultural Outlook Conference will be held next February 23-26, at USDA headquarters in Washington.

Sponsored by the Economic Research Service and the Extension Service, the sessions will focus on prospects for commercial agriculture and the probable effects of new farm legislation and programs. Panels will also discuss the agricultural outlook for major commodities, general economic developments, rural changes, and foreign demand prospects. The Tobacco Session is scheduled for 11 a.m., February 24.



STATISTICAL SUMMARY

Item	Unit or base period	1969		1970			Last data as percentage of a year earlier
		Oct.	Nov.	Sept.	Oct.	Nov.	
Average price at auctions							
Flue-cured	Ct. per lb.	71.1	66.8	72.8	69.3	66.6	100
Burley	Ct. per lb.	Closed	71.2	C-1-o-s-e-d	72.9		102
Maryland	Ct. per lb.	C-1-o-s-e-d		C-1-o-s-e-d			---
Virginia fire-cured	Ct. per lb.	C-1-o-s-e-d		C-1-o-s-e-d			---
Ky.-Tenn. fire-cured	Ct. per lb.	C-1-o-s-e-d		C-1-o-s-e-d			---
Ky.-Tenn. dark air-cured	Ct. per lb.	C-1-o-s-e-d		C-1-o-s-e-d			---
Virginia sun-cured	Ct. per lb.	C-1-o-s-e-d		C-1-o-s-e-d			---
Support price 1/							
Flue-cured	Ct. per lb.	63.8			66.6		104
Burley	Ct. per lb.	65.8			68.6		104
Maryland	Ct. per lb.	No support			No support		---
Virginia fire-cured	Ct. per lb.	44.6			46.6		104
Ky.-Tenn. fire-cured	Ct. per lb.	44.6			46.6		104
Ky.-Tenn. dark air-cured	Ct. per lb.	39.7			41.4		104
Virginia sun-cured	Ct. per lb.	39.7			41.4		104
Connecticut Valley cigar binder	Ct. per lb.	45.5			47.5		104
Wis. binder and Ohio filler	Ct. per lb.	32.9			34.3		104
Puerto Rican filler	Ct. per lb.	34.2			35.6		104
Parity index 2/	1910-14=100	377	378	392	394	395	104
Industrial production index 3/	1957-59=100	173	171	166	162	161	94
Employment	Mil.	78.7	78.7	78.3	78.9	78.7	100
Personal income 4/	Bil. dol.	766.7	770.6	811.9	810.0	812.4	105
		1969		1970			
		Sept.	Oct.	Aug.	Sept.	Oct.	
Taxable removals							
Cigarettes	Bil.	45.6	45.8	47.1	47.2	50.7	111
Cigars and cigarillos	Mil.	695.8	849.7	673.1	721.5	797.6	94
Accumulated from Jan. 1							
Cigarettes	Bil.	387.9	433.6	349.6	396.8	447.5	103
Cigars and cigarillos	Mil.	5,791.4	6,641.7	5,167.8	5,889.3	6,686.9	101
Invoiced to domestic customers		Jan.-Sept.		Jan.-Sept.			
Accumulated from Jan. 1							
Smoking tobacco	Mil. lb.	46.2			48.5		105
Chewing tobacco	Mil. lb.	51.6			51.8		100
Snuff	Mil. lb.	20.4			20.2		99
Tax-exempt removals							
Cigarettes	Bil.	3.7	4.3	3.7	4.3	3.9	91
Exports	Bil.	2.0	2.1	2.3	2.2	2.7	129
Cigars and cigarillos	Mil.	13.3	15.8	25.9	12.3	13.7	87
Accumulated from Jan. 1							
Cigarettes	Bil.	35.6	39.9	35.4	39.7	43.6	109
Exports	Bil.	18.5	20.6	19.9	22.1	24.8	120
Cigars and cigarillos	Mil.	126.9	142.6	114.8	127.1	140.8	99
Invoiced for export		Jan.-Sept.		Jan.-Sept.			
Accumulated from Jan. 1							
Smoking tobacco	Mil. lb.	1.2			1.2		100
Chewing tobacco	Mil. lb.	.2			.2		100
Wholesale price indexes 5/							
Cigarettes (reg. nonfilter)	1957-59=100	132.7	132.7	142.3	142.3	142.3	107
Cigars	1957-59=100	106.7	106.7	107.0	107.2	107.3	101
Smoking tobacco	1957-59=100	139.6	139.6	146.9	154.7	154.7	111
Plug chewing tobacco	1957-59=100	133.3	133.3	155.3	155.3	155.3	116
Snuff	1957-59=100	143.2	144.0	157.8	157.8	157.8	110
Consumer price indexes (urban) 6/							
Cigarettes (reg. nonfilter)	1957-59=100	158.0	158.9	169.2	170.4	170.6	107
Cigarettes (filter tip king)	Mar. 1959=100	150.1	151.0	161.3	162.0	162.2	107
Cigars (domestic reg. size)	1957-59=100	109.6	109.4	109.0	109.0	108.9	100
Imports of tobacco							
Cigarette leaf	Mil. lb.	11.3	14.7	15.5	10.5	16.0	109
Cigar tobacco 7/	Mil. lb.	8.8	8.4	12.7	7.4	9.5	113
Accumulated from Jan. 1							
Cigarette leaf	Mil. lb.	112.0	126.8	101.4	112.0	128.0	101
Cigar tobacco 7/	Mil. lb.	72.1	80.5	77.0	84.4	94.0	117

See footnotes at end of table.

Continued -

STATISTICAL SUMMARY—CONTINUED

Item	Unit or base period	1969		1970			Last data as percentage of a year earlier
		Sept.	Oct.	Aug.	Sept.	Oct.	
Exports of leaf tobacco							
(farm-sales weight)							
Flue-cured	Mil. lb.	62.8	65.1	27.5	45.3	54.3	83
Burley	Mil. lb.	3.7	3.4	2.8	5.1	2.8	82
Maryland	Mil. lb.	.7	1.6	.8	1.1	1.5	94
Virginia fire- & sun-cured	Mil. lb.	.7	.1	.2	.5	.8	800
Ky.-Tenn. fire-cured	Mil. lb.	2.9	2.5	1.9	2.1	2.5	100
Ky.-Tenn. dark air-cured	Mil. lb.	*	.1	*	.1	.1	100
Black Fat	Mil. lb.	.1	.1	.3	.3	.3	300
Cigar wrapper	Mil. lb.	.2	.2	.1	.1	.1	50
Connecticut binder	Mil. lb.	*	*	*	*	.1	---
Wisconsin binder	Mil. lb.	*	0	*	0	0	---
Accumulated from beginning of marketing year <u>8/</u>							
Flue-cured	Mil. lb.	137.9	203.0	60.3	105.6	159.9	79
Burley	Mil. lb.	54.9		53.0	58.1		106
Maryland	Mil. lb.	10.4		11.1	12.2		117
Virginia fire- & sun-cured	Mil. lb.	4.9		4.9	5.3		108
Ky.-Tenn. fire-cured	Mil. lb.	19.0		21.1	23.2		122
Ky.-Tenn. dark air-cured	Mil. lb.	1.5		.9	1.1		73
Black Fat	Mil. lb.	1.2		2.2	2.5		208
Cigar wrapper	Mil. lb.	.4	.7	.2	.3	.4	57
Connecticut binder	Mil. lb.	.4		.3	.3		75
Wisconsin binder	Mil. lb.	.4		.3	.3		75
Cigar filler	Mil. lb.	.9		.5	.6		67
Exports of manufactured tobacco							
in bulk	Mil. lb.	.6	2.0	1.2	3.2	3.0	150
Accumulated from Jan. 1	Mil. lb.	14.0	15.8	11.4	14.7	17.7	112
Quarterly data							
		1969		1970			
		July-Sept.	Oct.-Dec.	July-Sept.	Oct.-Dec.		
Stocks of tobacco—1st of quarter <u>9/</u>							
Domestic types							
(farm-sales weight)							
Flue-cured	Mil. lb.	2,100	2,493	1,969	2,426		97
Burley	Mil. lb.	1,463	1,316	1,496	1,343		102
Maryland	Mil. lb.	84	75	70	62		83
Fire-cured	Mil. lb.	92	83	84	74		89
Dark air- and sun-cured	Mil. lb.	67	63	62	57		90
Cigar filler	Mil. lb.	158	142	143	126		89
Cigar binder	Mil. lb.	56	49	49	42		86
Cigar wrapper	Mil. lb.	20	25	21	25		100
Under Government loan <u>10/</u>	Mil. lb.	1,183	1,153	1,250	**1,298		113
Tobacco sheet <u>11/</u>							
Cigarette types	Mil. lb.	24.4	28.4	33.2	31.8		112
Cigar types	Mil. lb.	2.6	2.1	1.9	1.5		71
Foreign types (farm-sales weight)							
Cigarette and smoking	Mil. lb.	451	423	428	406		96
Cigar	Mil. lb.	93	96	105	99		103
Tobacco outlets <u>12/</u>							
Seasonally adjusted data, annual rates, for charts, p.2							
Cigarettes							
Production	Bil.	554	558	588	581		104
Taxable removals	Bil.	508	509	537	521		102
Cigar production	Bil.	8.01	8.42	8.09	8.50		101
Smoking production	Mil. lb.	63.8	66.8	70.8	67.2		101
Chewing production							
Scrap	Mil. lb.	41.0	41.0	41.6	42.4		103
Plug and other	Mil. lb.	31.1	31.8	29.7	30.6		96
Snuff production	Mil. lb.	26.3	28.0	28.5	26.6		95
Exports of leaf							
Total	Mil. lb.	630	756	467	690		91
Flue-cured	Mil. lb.	531	634	406	600		95

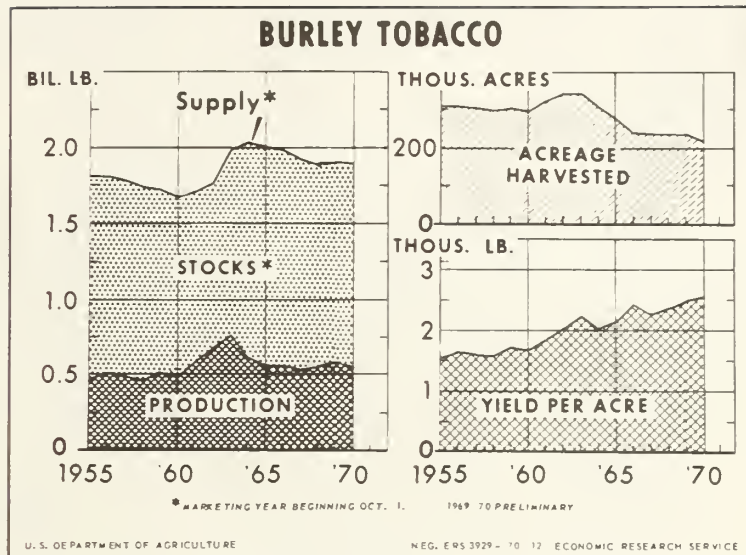
1/1969 and 1970 crops respectively. 2/Prices paid by farmers including interest, taxes and wage rates. 3/Seasonally adjusted. 4/Seasonally adjusted, annual rate. 5/Excise tax excluded. 6/Federal and applicable State and local taxes included. 7/Farm-sales weight equivalent. 8/July 1 for flue-cured and cigar wrapper and Oct. 1 for others. 9/Holdings of manufacturers and dealers including grower cooperatives. 10/Reported by grower cooperatives. 11/Weight of tobacco leaf not including stems added. 12/Data for most recent quarter are preliminary estimates. *Less than 50,000 pounds. **Of this quantity, approximately 117 million pounds had been sold.

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The next issue of the *Tobacco Situation* is scheduled to be available March 30, 1971.

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